

1 CASE NUMBER: BC384285
2 CASE NAME: PRECISION DEVELOPMENT, LLC VS.
3 YURI PLYAM, ET AL.
4 LOS ANGELES, CALIFORNIA FRIDAY, MARCH 25, 2011
5 DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE
6 REPORTER: SYLVIA ALMAGUER-MILLER, CSR #8767
7 TIME: 9:53 A.M.

8 APPEARANCES:

9 ROBERT D. CROCKETT AND SEENA SAMIMI, ATTORNEYS AT LAW,
10 REPRESENTING THE PLAINTIFF;
11 DENNIS P. RILEY, ATTORNEY AT LAW, REPRESENTING THE
12 DEFENDANTS.

13

14 (WHEREUPON PROCEEDINGS WERE REPORTED AND
15 TRANSCRIBED BUT NOT CONTAINED HEREIN.)

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19 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
20 HELD IN OPEN COURT IN THE PRESENCE OF THE
21 JURY:)

22

23 MR. CROCKETT: IF I MAY APPROACH THE CLERK WITH MY
24 NEXT WITNESS MATERIAL, YOUR HONOR.

25 THE COURT: YES.

26 MR. CROCKETT: MY NEXT WITNESS I'D LIKE TO CALL IS
27 CLARE BRONFMAN.

28 THE CLERK: OKAY. MA'AM, RAISE YOUR RIGHT HAND.

1 DO YOU SOLEMNLY STATE THAT THE TESTIMONY YOU'RE
2 ABOUT TO GIVE IN THE CAUSE NOW PENDING BEFORE THIS COURT SHALL
3 BE THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH, SO
4 HELP YOU GOD?

5 THE WITNESS: I DO.

6 THE CLERK: MA'AM, PLEASE HAVE A SEAT?

7 THE WITNESS: THANK YOU.

8 MR. CROCKETT: LET ME SORT OF CLEAN UP THE WITNESS
9 STAND A LITTLE BIT, YOUR HONOR.

10 THE CLERK: MA'AM, PLEASE STATE YOUR NAME FOR THE
11 RECORD, SPELLING BOTH YOUR FIRST AND LAST NAME.

12 THE WITNESS: CLARE BRONFMAN. C-L-A-R-E,
13 B-R-O-N-F-M-A-N.

14 THE COURT: ALL RIGHT. YOU MAY PROCEED.

15

16 CLARE BRONFMAN,

17 CALLED BY THE PLAINTIFF AS A WITNESS, WAS SWORN AND TESTIFIED
18 AS FOLLOWS:

19

20 DIRECT EXAMINATION

21 BY MR. CROCKETT:

22 Q WHERE ARE YOU FROM, MS. BRONFMAN?

23 A I WAS BORN IN NEW YORK CITY. MY MOTHER IS
24 ENGLISH. I LIVED THERE FROM WHEN I WAS TWO AND A HALF UNTIL
25 17, AND THEN I MOVED TO AMERICA FOR A SHORT PERIOD OF TIME;
26 THEN I MOVED TO EUROPE AGAIN IN MY SHOW JUMPING CAREER IN
27 HOLLAND FOR THREE YEARS; THEN I MOVED BACK TO THE UNITED
28 STATES, AND NOW I CURRENTLY LIVE IN ALBANY.

1 Q WHAT DID YOU MEAN BY "SHOW JUMPING CAREER"?

2 A I WAS A PROFESSIONAL ATHLETE. I STARTED RIDING
3 PROFESSIONALLY WHEN I WAS 17, AND I COMPETED REPRESENTING THE
4 UNITED STATES. I RAN THE WORLD FOR NINE AND A HALF YEARS.

5 Q AND ARE YOU IN SHOW JUMPING ANYMORE?

6 A NO. I RETIRED IN 2005, LATE 2005.

7 Q AND WHO ARE YOUR PARENTS?

8 A MY FATHER IS EDGAR BRONFMAN SR., AND MY MOTHER
9 IS GEORGIANA BRONFMAN.

10 Q WHAT RELATIONSHIP DOES EDGAR BRONFMAN HAVE TO
11 THE SEAGRAM'S COMPANY?

12 A MY GRANDFATHER, EDGAR BRONFMAN SR.'S FATHER,
13 SAM BRONFMAN, HE FOUNDED SEAGRAM. HE WAS THE ORIGINAL CREATOR
14 OF WHISKEY, OF SEAGRAM'S, AND THEN MY FATHER TOOK OVER THE
15 COMPANY WHEN HE WAS ABOUT 27 MAYBE.

16 Q DOES THE BRONFMAN FAMILY HAVE ANY CONNECTION
17 WITH SEAGRAM'S ANY LONGER?

18 A NO. WE SOLD THE COMPANY BACK IN THE EARLY
19 2000S.

20 Q DO YOU HAVE A BROTHER NAMED EDGAR?

21 A I DO.

22 Q AND WHAT COMPANY HAS HE, IN THE PAST, BEEN
23 CHAIRMAN OF?

24 A HE WAS CHAIRMAN AND CEO OF SEAGRAM'S, THEN
25 UNIVERSAL, THEN UNIVERSAL VIVENDI, NOW THE CEO OF WARNER
26 BROTHERS MUSIC.

27 Q AND UNIVERSAL, YOU MEAN LIKE UNIVERSAL STUDIOS?

28 A YEAH, UNIVERSAL STUDIOS.

1 Q WHAT KIND OF LIFE DID YOU LIVE GROWING UP AS A
2 CHILD AND TEENAGER?

3 A I GREW UP IN ENGLAND WITH MY MOTHER, AND IT WAS
4 ACTUALLY VERY IMPORTANT FOR HER WE NOT GROW UP IN THE TYPICAL
5 FAMILY BRONFMAN WAY. SO WE LIVED ON A FARM. WE WORKED. WE
6 HAD TO, YOU KNOW, LIKE ANY KID WHO GROWS UP ON A FARM. WE HAD
7 TO WORK THE LAND, WORK ON THE FARM, TAKE CARE OF OURSELVES,
8 LOOK AFTER OURSELVES. IF WE WANTED TO RIDE, WE HAD TO TAKE
9 CARE OF THE HORSES IN ORDER TO EARN A RIDING LESSON ON THE
10 WEEKEND OR TO GET ON THE HORSES.

11 WE WENT TO BOARDING SCHOOL. MY MOTHER ALSO
12 LIVED IN KENYA FOR MOST OF MY TEENAGE YEARS OR PRETEEN YEARS,
13 SO I SPENT A LOT OF TIME IN KENYA AND AFRICA WITH HER, AND
14 THEN I WOULD TRAVEL TO THE UNITED STATES TO BE WITH MY DAD ON
15 CERTAIN HOLIDAYS.

16 Q AND DO YOU HAVE MONEY TO INVEST WITH THESE
17 DAYS?

18 A YES, I DO.

19 Q WHERE DID THAT COME FROM?

20 A MY GRANDFATHER, WHO I ACTUALLY NEVER MET -- HE
21 PASSED AWAY BEFORE I WAS BORN -- CREATED TRUST FUNDS FOR ALL
22 OF HIS GRANDCHILDREN THAT PASSED THROUGH MY FATHER, AND THEN
23 THE MONEY WAS SPLIT BETWEEN THE SEVEN OF US.

24 Q SO THE MONEY THAT YOU USE TO INVEST WITH TODAY,
25 THAT'S NOT FROM YOUR FATHER?

26 A NO. THAT'S FROM MY GRANDFATHER.

27 Q OR YOUR MOTHER?

28 A NO, NOT AT ALL.

1 Q WAS YOUR MOTHER INDEPENDENTLY WEALTHY WHEN SHE
2 MARRIED YOUR FATHER?

3 A NO. MY MOTHER --

4 MR. RILEY: OBJECTION, NO FOUNDATION.

5 THE COURT: OVERRULED.

6 THE WITNESS: MY MOTHER COMES FROM A -- SORT OF LOWER,
7 MIDDLE CLASS FAMILY, WORKING FAMILY IN ENGLAND.

8 Q BY MR. CROCKETT: SO TELL ME WHAT YOUR CURRENT
9 ACTIVITIES ARE ON A BASIS -- WORK-WISE?

10 A I AM ON THE EXECUTIVE BOARD OF NXIVM
11 CORPORATION, SO I MANAGE ALL OF THE OPERATIONS IN THE COMPANY.
12 I AM ALSO TRUSTEE ON TWO FOUNDATIONS.

13 MY SISTER AND I HAVE A FOUNDATION, THE ETHICAL
14 HUMANITARIAN FOUNDATION, AND I WORK WITH MAKING SURE THE
15 FINANCES ARE ALL TAKEN CARE OF CORRECTLY, AND I ALSO MANAGE
16 THE EVENTS THAT WE HAVE AND THE INITIATIVES THAT WE FURTHER.
17 WE HAVE THREE INITIATIVES.

18 AND I ALSO MANAGE THE ETHICAL SCIENCE
19 FOUNDATION, WHICH IS A FOUNDATION THAT FURTHERS SCIENTIFIC
20 RESEARCH FOR HUMANITARIAN ENDEAVORS.

21 Q WHAT ARE THE INITIATIVES THAT YOU PURSUE?

22 A THE THREE INITIATIVES CURRENTLY ARE HELPING
23 BRING PEACE IN MEXICO, FURTHERING WOMEN'S RIGHTS, AND FREEDOM
24 OF PRESS, AND INTEGRITY AND ETHICS IN THE PRESS AND THE MEDIA.

25 Q TELL ME ABOUT THAT MEXICAN ENDEAVOR. WHAT DO
26 YOU MEAN BY "BRING PEACE TO MEXICO"?

27 A ABOUT, WELL, A THIRD OF THE COMPANY OF NXIVM IS
28 MEXICAN, AND ABOUT THREE AND A HALF YEARS AGO A GROUP OF THEM

1 CAME TO THE FOUNDER OF NXIVM AND THEY WERE CONCERNED BECAUSE
2 KIDNAPPING HAD BECOME MORE THAN JUST FOR THE WEALTHY MEMBERS
3 OF MEXICO BUT IT ACTUALLY HAPPENED TO BE A REGULAR OCCURRENCE
4 IN SOCIETY IN MEXICO, AND THEY WANTED HELP. THEY WANTED TO
5 KNOW WHAT TO DO BECAUSE THE VIOLENCE WAS GETTING WORSE AND
6 WORSE, AND THAT EVERY SINGLE PERSON -- WE HAD A ROOM OF
7 PROBABLY ABOUT 70 PEOPLE, AND WHEN ASKED IF ANY OF THEM HAD
8 BEEN KIDNAPPED OR KNEW SOMEBODY CLOSE TO THEM THAT HAD BEEN
9 KIDNAPPED AND DEALT WITH VIOLENTLY, EVERY SINGLE PERSON IN THE
10 ROOM PUT THEIR HAND UP.

11 AT THAT POINT, MY SISTER AND I DECIDED WE
12 WANTED TO HELP. WE WANTED TO GET INVOLVED AND KEITH RANIERE,
13 WHO'S THE FOUNDER OF NXIVM, CREATED A NONVIOLENT MOVEMENT TO
14 HELP THEM STAND UP AND GO AGAINST THE VIOLENCE.

15 Q AND DO YOU ALSO HAVE A CONNECTION WITH THE
16 DALAI LAMA?

17 MR. RILEY: OBJECTION, IRRELEVANT.

18 THE COURT: SUSTAINED.

19 Q BY MR. CROCKETT: DID YOU ALSO -- DO YOUR WORK
20 ACTIVITIES ALSO INVOLVE THE DALAI LAMA'S TRAVELS AND VISITS?

21 MR. RILEY: OBJECTION, RELEVANCE.

22 THE COURT: COUNSEL, RELEVANCE? SUSTAINED.

23 Q BY MR. CROCKETT: NOW, WHEN DID YOU -- HOW DID
24 YOU FIRST MEET THE PLYAMS?

25 A I -- FROM MY RECOLLECTION, I FIRST MET THE
26 PLYAMS WHEN I WAS ON A TRIP TO ALBANY. AT THE TIME, I WAS
27 LIVING IN HOLLAND DURING MY SHOW JUMPING CAREER, AND I BELIEVE
28 THEY WERE TAKING A TRAINING AT THE NXIVM CENTER IN ALBANY, AND

1 I MET THEM THERE.

2 Q SO WHEN YOU MET THE PLYAMS, THEY WERE INVOLVED
3 WITH THIS -- WITH THE NXIVM ORGANIZATION; CORRECT?

4 A YES.

5 Q AND WHEN YOU MET THE PLYAMS, DID YOU HAVE ANY
6 EXECUTIVE OR LEADERSHIP POSITION WITH NXIVM AT THE TIME?

7 A NO. I WAS LIVING IN HOLLAND. I WAS A SHOW
8 JUMPER, AND I JUST CAME BACK AND FORTH AND I WOULD TAKE SOME
9 OF THE COURSES.

10 Q SO DID IT APPEAR TO YOU THAT THE PLYAMS WERE
11 MORE ACTIVE IN NXIVM'S ORGANIZATION AT THE TIME YOU FIRST MET
12 THEM THAN YOU WERE?

13 MR. RILEY: OBJECTION, FOUNDATION.

14 THE COURT: SUSTAINED.

15 Q BY MR. CROCKETT: BASED UPON WHAT YOU COULD SEE
16 IN TERMS OF WHEN YOU SAW THEM, WHERE YOU SAW THEM, AND WHAT
17 THEY WERE DOING, DID IT APPEAR TO YOU THAT THE PLYAMS WERE
18 MORE INVOLVED WITH NXIVM ORGANIZATION THAN YOU WERE AT THE
19 TIME YOU FIRST MET THEM?

20 MR. RILEY: OBJECTION, FOUNDATION.

21 THE COURT: OVERRULED.

22 THE WITNESS: YES. IN FACT, THEY WERE KNOWN TO
23 BE MR. PLYAM AND MS. SALZMAN, THEY HAD DONE BUSINESS WITH
24 THEM -- THEY HAD DONE BUSINESS WITH MS. BOUCHEY. SO THEY KNEW
25 THEM A LOT BETTER THAN I DID AT THE TIME.

26 Q NXIVM, WAS IT CALLED NXIVM AT THE TIME WHEN YOU
27 FIRST MET THE PLYAMS?

28 A I DON'T RECALL. I KNOW THE COMPANY WAS

1 EXECUTIVE SUCCESS PROGRAMS, AND I DON'T REMEMBER THE EXACT
2 TIMEFRAME THAT THEY CHANGED IT TO NXIVM OR ENCOMPASSED
3 EXECUTIVE SUCCESS PROGRAMS WITHIN NXIVM.

4 Q WHO IS THE FOUNDER OF NXIVM?

5 A KEITH RANIERE.

6 Q AND WHERE IS ITS HEADQUARTERS?

7 A ALBANY, NEW YORK.

8 Q WHERE DOES IT HAVE OPERATIONS?

9 A SEVERAL PLACES IN MEXICO. A THIRD OF THE
10 COMPANY IS IN MEXICO, MEXICO CITY, MONTERREY, LEON,
11 GUADALAJARA. THERE'S ALSO A CENTER IN GUATEMALA. THERE'S A
12 CENTER UP IN VANCOUVER. THERE'S A CENTER IN TEXAS, NEW YORK
13 CITY, AND WE'VE HAD PEOPLE FROM 33 DIFFERENT NATIONS. SO IT'S
14 QUITE WIDESPREAD.

15 Q AND WHO'S THE FOUNDER?

16 A MR. RANIERE. KEITH RANIERE IS THE COMPANY
17 FOUNDER AND NANCY SALZMAN IS THE PRESIDENT.

18 Q I HEARD REFERENCE TO VANGUARD, THE NAME
19 VANGUARD. WHAT IS THAT AND WHAT RELATIONSHIP DOES THAT HAVE
20 TO NXIVM?

21 A VANGUARD IS A TITLE MUCH LIKE A LAWYER OR A
22 JUDGE. IT'S JUST SORT OF A FORM OF TRIBUTE FOR THE PERSON WHO
23 CREATED -- HE'S THE FOUNDER OF A PHILOSOPHICAL MOVEMENT.

24 Q AND THAT'S KEITH RANIERE?

25 A YUP. YES.

26 Q AND TELL ME JUST VERY BRIEFLY WHAT NXIVM DOES.
27 IS IT A NOT-FOR-PROFIT COMPANY?

28 A NO. NXIVM IS A FULL PROFIT COMPANY. IT HAS

1 INTELLECTUAL PROPERTY, AND THAT'S ITS MAIN PRODUCT, I SUPPOSE.
2 IT'S A COMPANY THAT HELPS PEOPLE DEFINE OR DETERMINE WHAT
3 SUCCESS IS FOR THEM AND HELP THEM ACHIEVE SUCCESS.

4 Q AND SO SOMEBODY LIKE THE PLYAMS, WHEN THEY'RE
5 INVOLVED WITH NXIVM, WOULD THEY BE ATTENDING CLASSES OR COURSE
6 WORK AT THE TIME?

7 MR. RILEY: OBJECTION, FOUNDATION.

8 THE COURT: TO YOUR KNOWLEDGE. OVERRULED.

9 THE WITNESS: TO MY KNOWLEDGE, THEY WERE PARTICIPATING
10 IN AN INTENSIVE. WE HAVE SEVERAL WAYS OF TAKING THE -- TAKING
11 THE CURRICULUM. YOU CAN SORT OF TAKE IT AS A GYM MEMBERSHIP
12 ON A WEEKLY BASIS. YOU CAN COME AND GO AS YOU PLEASE. YOU
13 CAN TAKE THE FIVE-, 16-DAY INTENSIVE, LEVEL ONE INTENSIVE, OR
14 YOU CAN TAKE THE ORIGINS PROGRAM. I BELIEVE THE PLYAMS WERE
15 TAKING INTENSIVE.

16 Q NOW, THEY'RE PRETTY EXPENSIVE COURSES, AREN'T
17 THEY?

18 A THE INTENSIVES ARE EXPENSIVE. WE ACTUALLY TRY
19 AND MAKE THE MEMBERSHIPS AFFORDABLE. \$182 A MONTH FOR THE
20 CLASSES. SO WE MAKE THEM AFFORDABLE.

21 Q AND YOU HAVE -- YOU'VE SINCE CHANGED YOUR
22 RELATIONSHIP TO NXIVM SINCE THE DAYS OF THE PLYAMS. YOU ARE
23 NOW A MEMBER OF THE BOARD; CORRECT?

24 A THAT'S CORRECT. YES.

25 Q AND SO YOU HELP RUN NXIVM; CORRECT?

26 A YES. I RUN THE OPERATIONS.

27 Q NOW, IS KEITH RANIERE ON THE BOARD OF NXIVM?

28 A NO.

1 Q AND WHO'S THE PRESIDENT OF NXIVM?

2 A NANCY SALZMAN IS THE PRESIDENT.

3 Q AND WHAT'S HER BACKGROUND?

4 A SHE WAS IN THE FIELD OF HUMAN POTENTIAL FOR 20
5 YEARS BEFORE SHE MET MR. RANIERE. SHE WAS -- SHE WAS ACTUALLY
6 A NURSE PRACTITIONER, AND SHE HAD SOME SEVERE PAIN, BACK PAIN
7 PROBLEMS. AND AT THAT POINT, SHE WAS LOOKING TO FIND ANYTHING
8 SHE COULD IN THE HUMAN POTENTIAL FIELD IN ORDER TO HELP
9 DETERMINE HOW TO FIX SUCH PAINS, AND SO SHE WENT AND SHE TRIED
10 EVERYTHING. SHE STUDIED WITH ALL OF THE BEST IN THE FIELD.
11 SHE WAS A TRAINER FOR MOST OF THEM, MANY OF THEM, AND SHE
12 CONTINUED TO CHANGE AND TRY AND FIND NEW METHODS. WHEN SHE
13 FOUND THE BREAKDOWN OF ONE PARTICULAR METHOD WHERE IT DIDN'T
14 WORK, DIDN'T HAVE CONTINUED EFFECT, SHE WOULD TRY AND FIND
15 ANOTHER ONE, AND THEN SHE JUST KEPT BECOMING AN AUTHORITY IN
16 EACH ONE UNTIL SHE MET KEITH RANIERE.

17 MR. RILEY: OBJECTION, NONRESPONSIVE, NO FOUNDATION,
18 MOVE TO STRIKE.

19 THE COURT: WELL, IT'S RESPONSIVE, SO OVERRULED.

20 Q BY MR. CROCKETT: NOW, WITH RESPECT TO THE --
21 YOUR INVESTMENT SELECTION DECISIONS, WHEN YOU WERE IN HOLLAND
22 JUMPING HORSES WHEN YOU FIRST MET THE PLYAMS, HOW DID YOU MAKE
23 YOUR INVESTMENT DECISIONS?

24 A I'VE ALWAYS RELIED UPON PEOPLE WHO WERE
25 ADVISORS TO ME. I HAVE NEVER BEEN AN EXPERT IN CHOOSING WHAT
26 INVESTMENTS, BUT I'VE ALWAYS RELIED UPON THE ADVICE OF PEOPLE
27 WHO ARE EXPERTS, FINANCIAL PLANNERS, FINANCIAL EXPERTS,
28 EXPERTS IN DIFFERENT INDUSTRIES.

1 Q SO YOU'RE NOT THE TYPE THEN TO READ THE WALL
2 STREET JOURNAL YOURSELF TO PICK INVESTMENTS?

3 A NO. I WOULDN'T KNOW WHERE TO START OR END TO
4 BE HONEST.

5 Q AND YOU'RE NOT THE TYPE TO READ, BACK THEN IN
6 THOSE DAYS, FINANCIAL STATEMENTS OF COMPANIES THAT YOU'RE
7 GOING TO INVEST IN?

8 A NO. I WOULDN'T UNDERSTAND WHAT I WAS READING
9 IF I HAD.

10 Q AND THE TYPE OF EXPERTS YOU RELIED UPON, THEY
11 INCLUDE ACCOUNTANTS; CORRECT?

12 A ACCOUNTANTS, FINANCIAL ADVISORS. THAT'S WHAT
13 THEY'RE FOR.

14 Q AND DID YOU HAVE SOMEBODY BY THE NAME OF
15 BARBARA BOUCHEY WHO WAS YOUR ADVISOR?

16 A YES. MY SISTER AND I HIRED BARBARA BOUCHEY, I
17 THINK, IN 2004.

18 Q AND THEN YOU LATER PARTED WAYS WITH HER?

19 A THAT'S CORRECT.

20 Q AND USE DIFFERENT FINANCIAL ADVISORS TODAY?

21 A THAT'S CORRECT.

22 Q AND DID YOU OFTEN -- OR DID YOU OCCASIONALLY
23 TALK TO KEITH RANIERE ABOUT YOUR BUSINESS PRACTICES?

24 A YES. I WOULD ASK HIS ADVICE.

25 Q AND DID YOU ALSO TALK TO NANCY SALZMAN ABOUT
26 YOUR BUSINESS PRACTICES?

27 A YES. I WOULD ASK HER ADVICE.

28 Q NOW, WHEN YOU FIRST MET KEITH -- WHEN YOU FIRST

1 MET YURI PLYAM, DID HE SAY WHAT HIS OCCUPATION WAS?

2 A HE WAS A COMMODITIES BROKER.

3 Q DID HE ALSO SAY ANYTHING ABOUT WHAT HE WAS?

4 MR. RILEY: OBJECTION, VAGUE AS TO TIME.

5 MR. CROCKETT: WHEN SHE FIRST MET HIM.

6 THE COURT: ALL RIGHT.

7 MR. RILEY: OBJECTION, VAGUE AS TO TIME. WHAT ARE WE

8 TALKING ABOUT?

9 MR. CROCKETT: WHEN SHE FIRST MET HIM.

10 THE COURT: ALL RIGHT. WHY DON'T YOU LAY THE

11 FOUNDATION THEN.

12 MR. CROCKETT: YES.

13 Q THERE WAS A TIME IN WHICH YOU FIRST MET YURI

14 PLYAM; CORRECT?

15 A CORRECT.

16 Q ALL RIGHT. WHEN YOU FIRST MET HIM, DID HE SAY

17 THAT HE WAS A LAWYER?

18 MR. RILEY: OBJECTION, VAGUE AS TO TIME, LEADING.

19 THE COURT: WELL, IT IS LEADING. BUT WE'VE

20 ESTABLISHED A TIME.

21 MR. RILEY: WE HAVEN'T. JUST WHEN SHE FIRST --

22 THE COURT: ALL RIGHT. THAT'S A TIME. IF YOU WANT TO

23 CROSS, YOU CAN CROSS.

24 Q BY MR. CROCKETT: DID HE SAY HE WAS ANYTHING

25 OTHER THAN A COMMODITIES BROKER?

26 MR. RILEY: OBJECTION, LEADING, HEARSAY.

27 MR. CROCKETT: HEARSAY?

28 THE COURT: OVERRULED. SHE'S A PARTY.

1 THE WITNESS: WHEN I FIRST -- YEAH, WHEN I FIRST MET
2 WITH THE PLYAMS, HE -- WELL, I KNEW HE HAD BEEN A COMMODITIES
3 BROKER BECAUSE MS. SALZMAN AND MR. RANIERE HAD TOLD ME. HE
4 ALSO SAID THAT HE WAS A LAWYER. HE ALSO SAID THAT HE WAS
5 DOING A REAL ESTATE VENTURE.

6 Q BY MR. CROCKETT: HOW DID YOU FIRST COME TO
7 CONSIDER IN INVESTING IN REAL ESTATE WITH THE PLYAMS?

8 A I BELIEVE IT WAS MS. SALZMAN AND MS. BOUCHEY
9 FIRST TOLD ME ABOUT THE PROJECT AND THEN WE HAD A MEETING WITH
10 THE PLYAMS, AND THEY DISCUSSED WHAT SOUNDED LIKE A VERY GOOD
11 REAL ESTATE VENTURE. AND THEY MADE A PROPOSAL TO MY SISTER
12 AND I AND WE DISCUSSED IT, AND AT THAT POINT, WE -- IT WASN'T
13 PRECISELY DURING THAT MEETING THAT WE AGREED UPON IT, BUT THAT
14 WAS WHEN WE FIRST HEARD ABOUT IT. AND THEN LATER AFTER
15 DISCUSSING IT PRIVATELY, MY SISTER AND I DECIDED TO
16 PARTICIPATE.

17 Q NOW, IN THESE EARLY DAYS, DID THE PLYAMS SHOW
18 YOU ANY PICTURES OR ANY PROJECTIONS OF ANY SORT?

19 A IN THE FIRST MEETING, WE HAD NO -- I BELIEVE
20 THERE WERE PICTURES THAT HAD BEEN SHOWN OF ARROWHEAD TO --
21 MAYBE TO KEITH OR MAYBE EVEN MY SISTER AND NANCY, BUT I DON'T
22 RECALL SEEING PICTURES IN THE BEGINNING.

23 Q AND IN ORIGINAL DEAL, THE ORIGINAL
24 UNDERSTANDING WITH YURI AND NATASHA, DID -- WAS THERE AN
25 AGREEMENT AS TO WHO WOULD DO THE WORK AND WHO WOULD INVEST THE
26 MONEY?

27 A YES. ABSOLUTELY. THE AGREEMENT THAT WE SPOKE
28 OF WAS -- AND LATER QUALIFIED WAS THAT SARA AND I WOULD BE THE

1 SOLE INVESTORS. WE WOULD PUT IN 20- TO \$22 MILLION EACH -- I
2 MEAN, NOT EACH -- SORRY -- COLLECTIVELY; THAT YURI AND NATASHA
3 WOULD MANAGE THE BUSINESS. THEY WOULD MANAGE THE FINANCES,
4 AND THE -- ALL OF THE CONTRACTORS AND THE ARCHITECTS.
5 EVERYTHING WAS GOING TO BE IN-HOUSE, AND THEY WOULD MANAGE ALL
6 OF THE WORK. AND NANCY SALZMAN WOULD BE THE CONSULTANT AND
7 SHE WAS SORT OF OUR -- SARA AND I'S APPOINTED NOMINEE AND
8 TRUSTED INDIVIDUAL FOR THE TWO OF US. AND THEN AT THE END OF
9 THE ENDEAVOR, SARA AND I WOULD RECEIVE OUR MONIES BACK. WE
10 WOULD RECEIVE 20 PERCENT INTEREST ON OUR MONIES AND THEN THE
11 PARTIES WOULD SPLIT IT THREE WAYS, THE REMAINING PROFITS.

12 Q NOW, IN THESE EARLY DAYS, DID THE PLYAMS TELL
13 YOU THAT THEY WERE INTENDING TO BORROW FROM THE COMPANY TO
14 BUILD THEIR HOME IN BEVERLY HILLS?

15 MR. RILEY: OBJECTION, LEADING.

16 THE COURT: SUSTAINED.

17 Q BY MR. CROCKETT: DID -- IN THE EARLY DAYS OF
18 THE COMPANY, DID THE PLYAMS TELL YOU THAT THEY WERE GOING TO
19 BE DOING ANYTHING WITH THE MONEY OTHER THAN USING IT TO BUILD
20 PRECISION PROPERTIES?

21 A ABSOLUTELY NOT. IT WAS PURELY -- THE ONLY
22 UNDERSTANDING I HAD WAS THAT WE WERE DOING THIS BUSINESS
23 TOGETHER. I DIDN'T KNOW OF ANYTHING THEY WERE DOING
24 THEMSELVES, FOR THEMSELVES, WITH THEMSELVES, BY THEMSELVES.

25 Q DID THEY EVER MENTION ANYTHING TO YOU ABOUT
26 WANTING TO USE PRECISION FUNDS TO BUILD THEIR OWN HOUSE?

27 MR. RILEY: OBJECTION, LEADING.

28 THE COURT: SUSTAINED.

1 Q BY MR. CROCKETT: DID THEY MENTION ANYTHING IN
2 THESE EARLY DAYS ABOUT BUILDING THEIR OWN HOUSE?

3 A NO.

4 MR. RILEY: OBJECTION, LEADING.

5 THE COURT: SUSTAINED. STRICKEN. REPHRASE.

6 Q BY MR. CROCKETT: IN THESE EARLY DAYS, DID THEY
7 MENTION ANYTHING ABOUT LOANING ANY MONEY TO THE COMPANY?

8 MR. RILEY: OBJECTION, LEADING.

9 THE COURT: SUSTAINED.

10 Q BY MR. CROCKETT: DID THEY MENTION ANYTHING
11 ABOUT KNOBHILL?

12 MR. RILEY: OBJECTION, LEADING.

13 THE COURT: SUSTAINED. COUNSEL.

14 MR. CROCKETT: ALL RIGHT.

15 Q NOW, JUST TELL ME IF YOU CAN, DO YOU REMEMBER
16 ANYTHING ELSE ABOUT THOSE EARLY DAYS IN TERMS OF YOUR
17 AGREEMENT WITH THE PLYAMS ABOUT ANY OTHER PROPERTIES, ANY
18 OTHER FINANCIAL RELATIONS, ANY PERSONAL PURSUITS OF THEIR OWN,
19 ANYTHING LIKE THAT?

20 A NO. ABSOLUTELY NOT.

21 Q ALL RIGHT. DID YOU MEET THE PLYAMS
22 FACE-TO-FACE?

23 A YES. WE MET AT MS. SALZMAN'S HOUSE.

24 MS. SALZMAN, MYSELF, MY SISTER SARA, MR. RANIERE, AND THE
25 PLYAMS.

26 Q DID THEY DISCUSS THE TYPE OF RESIDENTIAL
27 DEVELOPMENT THEY WANTED TO GET INVOLVED WITH?

28 MR. RILEY: OBJECTION, LEADING.

1 THE COURT: I'LL ALLOW THAT. OVERRULED.

2 THE WITNESS: YES.

3 Q BY MR. CROCKETT: WHAT TYPE?

4 A IT WAS TO BE VERY NICE RESIDENTIAL HOMES,
5 HILLSIDE HOMES. I MEAN, REALLY, IT WAS -- MR. RILEY SPOKE
6 VERY WELL OF THEIR PROPOSAL IN HIS OPENING STATEMENT. IT WAS
7 TO BE TWO PROPERTIES NEXT TO EACH OTHER. A LOT WAS TO BE
8 IN-HOUSE SO THAT WE COULD TURN OUR INVESTMENTS A LOT BETTER
9 WITH THAT; HILLSIDE, WHERE OTHER PEOPLE WEREN'T WILLING TO DO
10 THE BUILDING ON; VERY GOOD NEIGHBORHOODS; HIGH-END HOUSES.

11 Q DID HE DESCRIBE ANYTHING ABOUT HIS ABILITY TO
12 DO THIS?

13 A YEAH. I MEAN, HE DIDN'T SAY THAT HE HAD DONE
14 THAT PER SE, BUT HE SPOKE OF -- TO ME AT LEAST, HE SPOKE OF
15 VAST KNOWLEDGE AND VAST RESEARCH AND HE HAD A TEAM AND HE WAS
16 READY TO GO AND HE GAVE A REALLY GOOD SALES PITCH.

17 Q AND HOW MUCH DID YOU AGREE TO INVEST?

18 A I BELIEVE BETWEEN MY SISTER AND I, IT WAS 20
19 MILLION ORIGINALLY.

20 Q DID THAT LATER CHANGE?

21 A YES.

22 Q HOW DID THAT CHANGE?

23 A THEY PROPOSED TO US THE LIBBIT PROPERTY AND THE
24 PROJECT WITH LIBBIT, AND WE AGREED TO INVEST, I BELIEVE IT
25 WAS, \$6.6 MILLION IN THE LIBBIT PROPERTY.

26 Q NOW, WAS THERE A TALK ABOUT NOT WANTING TO
27 INVEST IN YOUR OWN NAME?

28 A YES. MY SISTER AND I NEVER INVEST IN OUR OWN

1 NAMES.

2 Q SO IN THIS CASE, WHAT NAME WAS PICKED TO INVEST
3 IN?

4 A IT WAS PRECISION. I MEAN, SARA AND I WEREN'T
5 PARTICULARLY -- WE DIDN'T WANT WHAT NAME IT IS; WE WANTED
6 ANONYMITY. THERE IS NOT A SINGLE INVESTMENT WE DO IN OUR OWN
7 NAMES. IT'S NOT GOOD BUSINESS PRACTICE.

8 Q ARE YOU FAMILIAR WITH LIMITED LIABILITY
9 COMPANIES AS INVESTING VEHICLES?

10 A YES.

11 Q SO IT DIDN'T SURPRISE YOU THAT AN LLC WAS
12 PROPOSED HERE?

13 A NOT AT ALL. I WOULDN'T HAVE DONE IT ANY OTHER
14 WAY.

15 Q AND WHAT WAS NANCY SALZMAN'S ROLE, IF ANY, WITH
16 RESPECT TO THE PRECISION INVESTMENT?

17 A NANCY SALZMAN WAS TO BE -- NUMBER ONE, SHE
18 HELPED FACILITATE BRINGING US TOGETHER. NUMBER TWO, SHE WAS
19 GOING TO BE OUR CONSULTANT. SHE OBVIOUSLY HAD A LOT OF
20 EXPERTISE IN THE FIELD OF PSYCHODYNAMICS BETWEEN ONE ANOTHER.
21 SHE WORKED IN MANY DIFFERENT BUSINESSES, AND SHE WAS ALSO SARA
22 AND I'S NOMINEE, OUR TRUSTED PERSON TO BE INVOLVED.

23 Q SO WHAT YEAR DID YOU FIRST START SENDING MONEY
24 TO THE PLYAMS?

25 A 2005.

26 Q AND WHO ACTUALLY DID THE SENDING OF MONEY?

27 A FINANCIAL -- BARBARA BOUCHEY, WHO IS OUR
28 FINANCIAL PLANNER. SHE HAD AN OFFICE AND SHE HAD SEVERAL

1 PEOPLE WHO WORKED FOR HER IN HER OFFICE, AND THEY HANDLED ALL
2 OF OUR MONIES.

3 Q DO YOU KNOW IF -- AND THEN AT SOME POINT IN
4 TIME IN 2008, DID YOU SIGN AN OPERATING AGREEMENT?

5 A YES. WE SIGNED AN OPERATING AGREEMENT IN 2008,
6 BUT IT WAS AN AMENDED AGREEMENT.

7 Q ALL RIGHT. SO BETWEEN 2005 AND 2008, DO YOU
8 KNOW WHO WAS KEEPING TRACK OF THIS INVESTMENT FOR YOU?

9 A YES.

10 Q WHO?

11 A BARBARA BOUCHEY.

12 Q AND DO YOU KNOW HOW THAT WAS HAPPENING?

13 A I BELIEVE SHE WAS IN CONSTANT COMMUNICATIONS
14 WITH THE PLYAMS. I KNOW THAT SHE WOULD -- SHE WOULD ASK
15 FOR -- I WOULD ASSUME SHE WOULD ASK FOR FINANCIAL STATEMENTS,
16 AND I BELIEVE THAT THE PLYAMS SENT HER OCCASIONALLY -- I DON'T
17 THINK THEY EVER SENT LIKE ACTUAL, WHAT A NORMAL COMPANY'S
18 FINANCIALS WOULD LOOK LIKE, BUT I BELIEVE THAT THEY DID SEND
19 HER CHARTS.

20 Q I'D LIKE YOU TO TURN TO PAGE 21 IN YOUR BINDER
21 THAT I'VE GIVEN YOU, AND WE'RE LOOKING AT TRIAL EXHIBIT 598.

22 NOW, IS THIS TRIAL EXHIBIT 598 A DOCUMENT THAT
23 YOU REMEMBER SIGNING?

24 A YES.

25 Q AND DO YOU SEE YOUR SIGNATURE ON THE BACK?

26 A YES.

27 Q AND DO YOU RECOGNIZE YOUR SISTER'S SIGNATURE ON
28 THE BACK?

1 A YES.

2 Q AND IN THIS DOCUMENT IN PARAGRAPH ONE SAYS THAT
3 YOU'VE CONTRIBUTED 26.43 MILLION. DO YOU SEE THAT?

4 A THAT'S CORRECT.

5 Q WAS THAT ACCURATE WHEN YOU MADE THAT?

6 A YES.

7 Q AND IT SAYS THAT THIS DOCUMENT IS AMENDING THE
8 PRIOR DOCUMENT THAT WAS ENTERED INTO BETWEEN THE PARTIES APRIL
9 4, 2005?

10 A CORRECT.

11 Q DID YOU UNDERSTAND THAT NANCY SALZMAN HAD
12 SIGNED AN EARLIER AGREEMENT ON YOUR BEHALF?

13 MR. RILEY: OBJECTION, LEADING.

14 THE COURT: SUSTAINED.

15 Q BY MR. CROCKETT: DID SOMEBODY -- HOW DID YOU
16 ENTER INTO AN ORIGINAL WRITTEN AGREEMENT ON THIS DOCUMENT --
17 WITH RESPECT TO PRECISION?

18 A THERE WAS AN AGREEMENT BETWEEN -- THAT WAS MADE
19 THAT NANCY SALZMAN SIGNED ON BEHALF OF MY SISTER AND I AS OUR
20 TRUSTED NOMINEE, AND THAT WAS AN AGREEMENT BETWEEN SHE AND
21 YURI.

22 Q AND YOU'VE HEARD THE CLAIM BY MRS. PLYAM THAT
23 THAT SIGNATURE IS A FORGERY ON THAT DOCUMENT OF MS. SALZMAN?
24 HAVE YOU HEARD THAT CLAIM?

25 A I HAVE HEARD THAT CLAIM.

26 Q WELL, DID YOU HAVE ANY REASON TO BELIEVE THAT
27 THE AGREEMENT THE PLYAMS SIGNED, WHICH IS PAGE FOUR OF YOUR
28 BINDER AND IT'S EXHIBIT 10, IS NOT THE AGREEMENT THAT

1 ORIGINALLY GOVERNED THE PARTIES IN 2005?

2 MR. RILEY: OBJECTION, NO FOUNDATION, LEADING.

3 THE COURT: SUSTAINED.

4 Q BY MR. CROCKETT: DO YOU KNOW WHAT EXHIBIT 10
5 IS?

6 MR. RILEY: PAGE NUMBER FOUR?

7 MR. CROCKETT: YES. PAGE NUMBER FOUR IN THE BINDER.

8 THE WITNESS: YES. THIS IS THE ORIGINAL AGREEMENT
9 SIGNED BY NANCY SALZMAN AND YURI PLYAM.

10 Q BY MR. CROCKETT: AND THEN GOING BACK -- YES,
11 GOING BACK TO PAGE 21.

12 A YES.

13 Q YOU'LL SEE THAT THE PARTIES ACKNOWLEDGE THAT
14 YOUR MONEY WAS TIMELY MADE AND SATISFIED. DO YOU SEE THAT?

15 A YES, IT WAS.

16 Q WAS THAT AN ACCURATE STATEMENT WHEN MADE?

17 A VERY ACCURATE. I BELIEVE THE MONIES WERE
18 ALWAYS SENT WITHIN TEN DAYS. I THINK IT WAS EVEN IN ONE OF
19 THE E-MAILS THAT WAS DISPLAYED EARLIER.

20 Q AND IS IT ALSO ACCURATE TO SAY THAT YOU ALWAYS
21 UNDERSTOOD THAT THE PLYAMS HAD MADE NO -- NOTHING OTHER
22 THAN -- LET ME TRY AGAIN.

23 WAS IT YOUR UNDERSTANDING THAT THE PLYAMS HAD
24 NEVER CONTRIBUTED ANY MONEY?

25 MR. RILEY: OBJECTION, LEADING, FOUNDATION.

26 THE COURT: SUSTAINED.

27 Q BY MR. CROCKETT: IS THE LAST SENTENCE ACCURATE
28 WHERE IT SAYS, "PLYAM HAS MADE NONMONETARY CONTRIBUTIONS TO

1 THE COMPANY IN TERMS OF TIME AND EFFORT FOR WHICH PLYAM IS NOT
2 ENTITLED TO COMPENSATION OTHER THAN THAT OF AN LLC MEMBER."

3 A YES. ABSOLUTELY. I NEVER KNEW THAT THE PLYAMS
4 WERE PUTTING ANY OF THEIR MONEY IN, AND I WOULDN'T IMAGINE
5 THEY WOULD SINCE WE WERE THE SOLE INVESTORS.

6 Q AND WHEN YOU SIGNED THIS DOCUMENT, DID YOU HAVE
7 ANY UNDERSTANDING ABOUT -- WELL, LET ME BACK UP A LITTLE BIT.

8 AND TURNING TO PAGE TWO OF THE BINDER, AND I'M
9 REFERRING TO TRIAL EXHIBIT 6, IS YOUR SIGNATURE -- DO YOU
10 RECOGNIZE NANCY SALZMAN'S SIGNATURE ON THE DOCUMENT?

11 A YES, I DO.

12 Q AND DID YOU UNDERSTAND THAT AT A PARTICULAR
13 TIME THAT CLARE AND SARA BRONFMAN RECEIVED AN ASSIGNMENT OF
14 NANCY'S INTEREST IN PRECISION?

15 MR. RILEY: OBJECTION, LEADING, FOUNDATION.

16 THE COURT: SUSTAINED.

17 Q BY MR. CROCKETT: DO YOU KNOW WHAT EXHIBIT 6
18 REPRESENTS?

19 MR. RILEY: OBJECTION, FOUNDATION, HEARSAY.

20 THE COURT: IT'S BEEN ADMITTED INTO EVIDENCE.

21 MR. RILEY: I KNOW. TALKING TO THIS WITNESS'
22 KNOWLEDGE.

23 THE COURT: YES. SO REPHRASE.

24 Q BY MR. CROCKETT: DID NANCY SALZMAN ASSIGN HER
25 INTEREST IN PRECISION TO YOU?

26 A YES. NANCY SALZMAN ASSIGNED HER INTEREST IN
27 PRECISION TO MY SISTER AND I.

28 Q AND IS THIS THE DOCUMENT, EXHIBIT 6, THE ONE

1 THAT IS THE DOCUMENT THAT DOES THAT?

2 A YES. THAT IS CORRECT.

3 Q NOW, WHY DID YOU ASSIGN -- WHY DID YOU RECEIVE
4 AN ASSIGNMENT OF NANCY'S SALZMAN'S INTEREST TWO DAYS AFTER YOU
5 SIGNED EXHIBIT 598, THE AMENDED OPERATING AGREEMENT?

6 A TO PROCESS, WE FIRST AMENDED THE OPERATING
7 AGREEMENT, AND THEN AT THAT POINT DECIDED THAT NANCY SALZMAN
8 WAS NOT GOING TO PARTICIPATE IN THE ENDEAVOR ANY FURTHER. SHE
9 WAS -- SHE WAS NOT GOING TO BE CONSULTING ANY LONGER BECAUSE
10 THINGS HAD SORT OF FALLEN APART, AND WE DIDN'T NEED HER AS A
11 NOMINEE BECAUSE WE WERE ENTERING INTO THE AGREEMENT OURSELVES.

12 Q NOW, YOU MENTIONED THAT THINGS WERE FALLING
13 APART. WHEN DID YOU FIRST HAVE ANY SUSPICION THAT THERE
14 WAS -- MIGHT BE SOMETHING WRONG OUT IN CALIFORNIA?

15 A IT WAS ABOUT THE END OF DECEMBER. THERE WERE
16 SEVERAL REQUESTS FOR MONIES BETWEEN 300- AND 400,000 VERY
17 CLOSE TOGETHER, WHICH WAS ABNORMAL, AND I COULDN'T MAKE
18 SENSE -- WHEN WE ASKED THE PLYAMS WHAT THE MONEY WAS FOR AND
19 THEY SAID IT WAS FOR PAYROLL FOR LABOR, IT DIDN'T MAKE SENSE
20 THAT THERE WAS THAT AMOUNT OF MONEY WOULD BE GOING TOWARDS
21 LABOR. IT DIDN'T -- IT WASN'T LOGICAL TO ME.

22 Q SO WHAT DID YOU DO ABOUT IT? AND LET ME FIX
23 THE YEAR. WAS THAT 2007?

24 A THAT WAS LATE 2007. DECEMBER 2007, CORRECT.

25 Q AND WHAT DID YOU DO ABOUT YOUR CONCERNS?

26 A I SPOKE WITH BECKY FREEMAN ABOUT THEM. I SPOKE
27 WITH KEITH RANIERE, WITH SARA BRONFMAN, MY SISTER, AND LATER
28 ON, WE HAD -- WELL, FRANK HAD GONE OUT TO CALIFORNIA ON HIS

1 OWN REASONS BECAUSE OF POTENTIALLY LOANING THEM SOME MONEY,
2 BUT I HAD ASKED ALSO JIM AND HE TO HELP -- JIM DEL NEGRO AND
3 HE TO HELP FIGURE OUT WHAT WAS GOING ON.

4 Q AT SOME POINT IN TIME IS IT CORRECT TO SAY YOU
5 ASKED FRANK PARLATO AND JIM DEL NEGRO TO GO OUT TO CALIFORNIA
6 TO SEE WHAT WAS GOING ON?

7 A CORRECT. FRANK WAS ALREADY GOING OUT THERE
8 BECAUSE HE WAS DISCUSSING A LOAN WITH THE PLYAMS. BUT I DID
9 ASK HIM TO LOOK INTO WHAT WAS GOING ON.

10 Q AND PRIOR TO SENDING FRANK PARLATO OR PRIOR TO
11 MR. PARLATO BEING THERE AND PRIOR TO SENDING MR. DEL NEGRO OUT
12 THERE, HAD YOU HAD A RECENT ENCOUNTER WITH THE PLYAMS?

13 A YES. THE PLYAMS CAME -- IT WAS DECEMBER 2ND,
14 2007. I WAS HOSTING A CAPPELLA INNOVATIONS. IT WAS A
15 FESTIVAL THAT I PRODUCED. AND THEY HAD COME OUT, AND THEY
16 ACTUALLY SPONSORED THE EVENT, AND THEY ALSO CAME OUT AND
17 SHARED WITH US WHAT WAS GOING ON. AND THAT WAS A LITTLE ODD
18 JUST BECAUSE THEY WERE ASKING FOR ADDITIONAL MONIES AND AT
19 THAT POINT NONE OF THE PROPERTIES WERE FINISHED OR SOLD, AND
20 IT WAS TIME, HAD BEEN A NUMBER OF YEARS, AND NONE OF THE
21 PROPERTIES HAD BEEN TURNED OVER AND NONE OF THE PROPERTIES
22 WERE BEING SOLD BY THEN AND THEY WERE ASKING FOR ADDITIONAL
23 \$5 MILLION TO LOAN.

24 I THINK AT THAT POINT WE GAVE THEM THE BENEFIT
25 OF THE DOUBT. IT WAS LIKE, OKAY (INDICATING). WE NEED TO GET
26 MOVING. WE NEED TO MOVE THIS ALONG. WE NEED TO HAVE
27 SOMETHING FOR WHAT WE PUT IN.

28 Q AT THE TIME OF THIS VISIT IN NEW YORK IN 2007

1 DECEMBER, DID MR. YURI OR MS. NATASHA TELL YOU THAT THEY WERE
2 USING THE SAME COMPANY BUILDING YOUR HOMES TO BUILD THEIR OWN
3 HOME IN BEVERLY HILLS?

4 A NO.

5 MR. RILEY: OBJECTION, LEADING.

6 THE COURT: SUSTAINED.

7 Q BY MR. CROCKETT: WHEN THEY CAME OUT TO NEW
8 YORK, DID THEY MENTION ANYTHING ELSE -- DID THEY MENTION
9 ANYTHING ABOUT THEIR HOME IN BEVERLY HILLS?

10 MR. RILEY: OBJECTION, LEADING.

11 THE COURT: SUSTAINED.

12 Q BY MR. CROCKETT: WHEN THEY CAME TO NEW YORK TO
13 ASK FOR \$5 MILLION, DID THEY TALK ABOUT ANYTHING OTHER THAN
14 WANTING MONEY FOR PRECISION?

15 A NO.

16 Q AND SO WAS THERE A TIME IN WHICH YOU RECEIVED
17 BAD OR GOOD OR ANY KIND OF NEWS FROM MR. DEL NEGRO OR
18 MR. PARLATO ABOUT WHAT WAS GOING ON?

19 A YES. WHEN FRANK --

20 MR. RILEY: OBJECTION. THE QUESTION HAS BEEN
21 ANSWERED.

22 THE COURT: YES. SUSTAINED.

23 Q BY MR. CROCKETT: WHAT KIND OF NEWS DID YOU
24 RECEIVE?

25 MR. RILEY: HEARSAY.

26 MR. CROCKETT: IT'S NOT OFFERED FOR THE TRUTH OF THE
27 MATTER HERE BECAUSE ALL WE'RE DOING IS TRYING TO EXPLAIN WHAT
28 SHE DID.

1 THE COURT: WHY DON'T YOU APPROACH.

2

3 (WHEREUPON THE FOLLOWING PROCEEDINGS

4 WERE HELD AT SIDEBAR:)

5

6 THE COURT: OKAY. GO AHEAD.

7 MR. CROCKETT: THERE'S A LOT OF CRITICISM ABOUT HER

8 NOT MONITORING THE INVESTMENTS, NOT RETURNING CALLS, NOT

9 RESPONDING TO THEM, DOING THINGS ON A WHIM, DOING THINGS

10 WITHOUT ANY DILIGENCE, AND THIS IS JUST EXPLAINING SHE SENT

11 HER ADVISORS OUT THERE AND SHE GOT CERTAIN NEWS AND SHE

12 REACTED TO THAT NEWS.

13 MR. RILEY: SHE CAN SAY SHE REACTED, BUT WHAT THE NEWS

14 IS IS CLASSIC HEARSAY.

15 THE COURT: WELL, IT GOES TO HER STATE OF MIND JUST AS

16 YOUR CLIENT. SHE DID THE SAME THING. OVERRULED.

17

18 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE

19 HELD IN OPEN COURT IN THE PRESENCE OF THE

20 JURY:)

21

22 Q BY MR. CROCKETT: SO TELL ME THE KIND OF

23 REPORTS YOU GOT FROM CALIFORNIA AT THE EARLIEST STAGE WHEN

24 MR. DEL NEGRO WAS OUT THERE?

25 MR. RILEY: FOR THE RECORD, THIS IS NOT FOR THE TRUTH

26 OF WHAT IS SAID BUT JUST FOR THE REACTION OF THIS WITNESS?

27 THE COURT: YES. FOR THIS WITNESS' STATE OF MIND.

28 MR. CROCKETT: YOU CAN ANSWER.

1 THE COURT: TO EXPLAIN HER REACTION.

2 THE WITNESS: MR. DEL NEGRO TOLD ME THAT THE STATE OF
3 THE PROPERTIES -- THAT HE COULDN'T BELIEVE HOW MUCH MONEY WE
4 HAD PUT IN AND WHAT THE STATE OF THE PROPERTIES WERE. IT WAS
5 SHOCKING TO HIM HOW BADLY THE CONDITION OF THE PROPERTIES WAS
6 IN. HE ALSO SAID -- HE ASKED ME IF I KNEW THAT SEVERAL OF THE
7 PROPERTIES WERE NOT IN PRECISION'S NAME BUT WERE IN THE
8 PLYAMS' NAMES. I WAS ACTUALLY -- I MEAN, I COULDN'T BELIEVE
9 WHAT WAS -- WHAT HE WAS SAYING, AND I ASKED HIM SEVERAL TIMES,
10 "ARE YOU SURE? ARE YOU SURE? PLEASE DOUBLE CHECK." AND HE
11 SAID, "CLARE, I'M SURE." YOU KNOW, "THE PROPERTIES ARE IN
12 ABSOLUTE DISARRAY. IT DOES NOT LOOK LIKE YOU INVESTED THE
13 KIND OF MONEY THAT HAS GONE OUT."

14 AND HE ALSO SPOKE OF AT THAT POINT THAT HE HAD
15 DISCOVERED THAT THE PLYAMS HAD BEEN USING OUR MONEY TO BUILD
16 THEIR HOUSES AND THAT THE WORKERS WE WERE PAYING FOR, THE
17 WORKERS TO BUILD THEIR PERSONAL HOMES. AND AGAIN, I ASKED HIM
18 TO DOUBLE CHECK BECAUSE I DON'T BELIEVE THAT IT WAS HAPPENING,
19 AND HE SAID, "YEAH. IT'S TRUE." SO...

20 Q WHAT KIND OF STEPS DID YOU TAKE WHEN YOU GOT
21 THIS NEWS?

22 A I ASKED MR. -- WELL, I BELIEVE MR. PARLATO
23 HIRED -- CALLED YOU AND WE HIRED YOU. WE DEMANDED THE
24 PROPERTIES BE TURNED OVER. THEY WEREN'T TURNED OVER. SO THEN
25 WE FILED A LAWSUIT AGAINST THEM.

26 Q AND YOU GOT A COURT ORDER THROWING THEM OUT?

27 MR. RILEY: OBJECTION.

28 THE COURT: SUSTAINED.

1 Q BY MR. CROCKETT: LET'S TURN TO --

2 THE COURT: ALL RIGHT. WHY DON'T WE STOP NOW.

3 MR. CROCKETT: OKAY.

4 THE COURT: WE'RE GOING TO STOP FOR OUR MORNING BREAK,
5 LADIES AND GENTLEMEN. DON'T TALK ABOUT THE CASE AMONGST
6 YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT THE CASE UNTIL
7 YOU'VE HEARD ALL THE EVIDENCE.

8 MEET OUTSIDE FIVE AFTER 11:00.

9 YOU MAY STEP DOWN.

10 THE WITNESS: THANK YOU.

11

12 (A RECESS WAS TAKEN AT THIS TIME.)

13

14 (WHEREUPON THE FOLLOWING PROCEEDINGS
15 WERE HELD IN OPEN COURT IN THE PRESENCE
16 OF THE JURY:)

17

18 THE COURT: ALL RIGHT. WELCOME BACK, LADIES AND
19 GENTLEMEN.

20 THE JURORS AND ALTERNATES ARE ALL PRESENT.
21 COUNSEL'S PRESENT. PARTIES ARE PRESENT. MS. BRONFMAN IS ON
22 THE STAND.

23 YOU'RE STILL UNDER OATH; UNDERSTAND?

24 THE WITNESS: YES.

25 THE COURT: MR. CROCKETT.

26

27 ///

28 ///

1 DIRECT EXAMINATION (RESUMED)

2 BY MR. CROCKETT:

3 Q PLEASE TURN TO PAGE 22 OF YOUR BINDER, AND
4 WE'RE LOOKING AT TRIAL EXHIBIT 598. DO YOU SEE IN PARAGRAPH
5 THREE THAT THERE'S A REFERENCE THERE TO THE PLYAMS AGREEING
6 THAT UPON YOUR DEMAND THAT CERTAIN PROPERTIES WOULD BE
7 TRANSFERRED BACK TO THE COMPANY?

8 A YES, I DO.

9 Q ALL RIGHT. NOW, WHAT PROPERTIES ARE THESE DID
10 YOU THINK THAT YOU WERE ASKING TO BE RETURNED TO THE COMPANY?

11 A UHEA, WANDA PARK, AND ALONZO.

12 Q AND DID -- DO YOU KNOW IF -- LET ME ASK YOU TO
13 LOOK AT PAGE 16 IN YOUR BINDER, AND THIS IS A LETTER DATED
14 JANUARY 22, 2008.

15 THE COURT: WELL, WHY DON'T WE HAVE AN EXHIBIT NUMBER.

16 MR. CROCKETT: EXHIBIT 113. SORRY.

17 MR. RILEY: PAGE 16 OF YOUR BOOK?

18 MR. CROCKETT: YEAH.

19 Q DO YOU KNOW WHAT EXHIBIT 113 IS?

20 MR. RILEY: OBJECTION, YOUR HONOR, HEARSAY,
21 FOUNDATION.

22 MR. CROCKETT: IT'S CLASSIC --

23 MR. RILEY: RELEVANCE.

24 MR. CROCKETT: IT'S --

25 THE COURT: WELL, LET'S COME OVER HERE.

26

27 ///

28 ///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS
2 WERE HELD AT SIDEBAR:)

3
4 MR. CROCKETT: IT'S A DEMAND. THAT'S A CLASSIC
5 EXCEPTION TO THE HEARSAY RULE BECAUSE YOU HAVE TO ESTABLISH IN
6 MANY LITIGATIONS THAT YOU HAVE MADE A DEMAND, AND THIS IS THE
7 DEMAND, THE DEMAND TO RETURN PROPERTIES. THE ALTERNATIVE, I
8 GUESS, WOULD BE TO PUT ME UP AND TESTIFY, BUT I'M NOT GOING TO
9 DO THAT. MY CLIENT IS GOING TO DO THAT.

10 THE COURT: WAIT. WELL, GO AHEAD. I'LL LET YOU
11 SPEAK, MR. RILEY.

12 MR. RILEY: THIS IS AN ATTORNEY LETTER WITH ALL THE
13 SORT OF STUFF IN IT THAT IS NOT TRUE, AND HE WANTS TO PUT
14 HIMSELF AS A WITNESS. THIS IS HEARSAY.

15 THE COURT: I DO HAVE TROUBLE WITH IT BECAUSE IT'S AN
16 ATTORNEY LETTER. IT'S BASICALLY ANTICIPATING LITIGATION. AT
17 THIS POINT, YOU KNOW, THE WITNESS CAN TALK ABOUT THIS STUFF.

18 MR. CROCKETT: I'LL JUST ASK HER ABOUT MAKING A DEMAND
19 AND HOW IT WAS MADE.

20 MR. RILEY: HEARSAY.

21 THE COURT: IF SHE KNOWS. I DON'T WANT TO GET INTO
22 ATTORNEY STUFF.

23 MR. CROCKETT: OKAY.

24 THE COURT: YOU'RE SUBJECTING YOURSELF TO BE PUT ON
25 THE STAND AND I'M TRYING TO AVOID THAT KIND OF STUFF. I THINK
26 WE ALL KNOW WHAT'S BEEN TESTIFIED TO. QUITE FRANKLY, I DON'T
27 KNOW WHY YOU NEED THIS STUFF. THERE'S AN EXHIBIT 598 AND SHE
28 CAN TALK ABOUT THAT. SHE JUST TALKED ABOUT THAT. I WANT TO

1 KEEP THIS OUT.

2 MR. CROCKETT: OKAY.

3

4 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
5 HELD IN OPEN COURT IN THE PRESENCE OF THE
6 JURY:)

7

8 THE COURT: SUSTAINED.

9 Q BY MR. CROCKETT: DO YOU KNOW IF A DEMAND WAS
10 EVER MADE AS REQUIRED IN EXHIBIT 598?

11 MR. RILEY: OBJECTION, HEARSAY.

12 THE COURT: AS PHRASED, OVERRULED.

13 Q BY MR. CROCKETT: DO YOU KNOW IF ANY DEMAND WAS
14 MADE AS EXHIBIT 598 REQUIRES?

15 A YES, THERE WAS. AFTER WE SIGNED THE AGREEMENT,
16 WE ASKED -- WE DEMANDED THROUGH OUR ATTORNEYS, THROUGH YOU,
17 THAT THE PLYAMS RETURN THE PROPERTIES TO THE PRECISION NAME.

18 MR. RILEY: OBJECTION, MOVE TO STRIKE, HEARSAY.

19 THE COURT: OVERRULED.

20 Q BY MR. CROCKETT: AND DID THE PLYAMS RESPOND TO
21 YOUR DEMAND TO RETURN THE PROPERTIES?

22 A NO, THE PLYAMS DIDN'T. THEY DIDN'T RETURN THE
23 PROPERTIES, AND THAT'S ACTUALLY WHEN WE SUED THEM. THEN WE
24 FILED THE LAWSUIT AGAINST THEM TO GET THE PROPERTIES BACK.

25 Q AND THEN AFTER YOU BROUGHT THE LAWSUIT TO GET
26 THE PROPERTIES BACK, DID THE PLYAMS EVER THEN ATTEMPT TO GIVE
27 THE PROPERTIES TO YOU?

28 MR. RILEY: OBJECTION, LEADING.

1 THE COURT: SUSTAINED.

2 Q BY MR. CROCKETT: WHAT HAPPENED TO THOSE THREE
3 PROPERTIES THEN AFTER THE LAWSUIT WAS BROUGHT?

4 A A LONG TIME LATER BECAUSE -- A LITTLE TIME
5 AFTER THE LAWSUIT WAS BROUGHT, THE PLYAMS THEN TRIED TO GIVE
6 US BACK THE PROPERTIES, AND AT THAT POINT, WE LOOKED AT THE
7 PROPERTIES. AND I ACTUALLY HAD AN EXPERT, SEVERAL EXPERTS
8 LOOK AT THE PROPERTIES AND --

9 MR. RILEY: OBJECTION, HEARSAY.

10 THE COURT: SUSTAINED. SUSTAINED.

11 Q BY MR. CROCKETT: IS THERE A REASON WHY YOU
12 DIDN'T ACCEPT THE PROPERTIES?

13 A YES. BECAUSE THE PROPERTIES WERE IN DISARRAY.
14 AND WHEN WE LOOKED AT THEM -- WHEN I LOOKED AT THE MATH, WE
15 WOULD LOSE MORE MONEY IF WE TOOK THE PROPERTIES THAN WE WOULD
16 IF WE LEFT THEM WHERE THEY WERE BECAUSE THEY WERE IN SUCH BAD
17 STATES.

18 Q NOW, HOW DID YOU MEET FRANK PARLATO?

19 A I MET FRANK PARLATO THROUGH AN ATTORNEY THAT
20 NXIVM HAD HIRED UP IN BUFFALO CALLED JOHN BARTOLOMEI, AND HE
21 INTRODUCED US TO MR. PARLATO AND SAID THAT HE COULD HELP US.
22 HE ORIGINALLY WAS HELPING US WITH ANOTHER LEGAL MATTER.

23 Q DO YOU KNOW WHAT MR. PARLATO -- DO YOU HAVE ANY
24 IDEA WHY MR. PARLATO CAME TO LOS ANGELES IN THE FIRST PLACE?

25 A YES. AT THE TIME WHEN THE PLYAMS CAME OVER AND
26 THEY -- IN THE SUMMER OF 2007 AND THEY HAD SAID THAT THEY
27 WANTED A LOAN FOR \$5 MILLION AND WE WERE TRYING TO FIGURE OUT
28 HOW TO DO THAT AND SARA AND I AT THAT POINT WEREN'T PREPARED

1 TO PUT IN FURTHER MONIES OF OUR OWN, SO WE WERE TRYING TO HELP
2 THEM FIND PEOPLE WHO WOULD BE ABLE TO PUT IN MONEY, AND THERE
3 WERE SEVERAL OPTIONS THAT WE CAME UP WITH THAT WE KNEW OF, AND
4 MR. PARLATO WAS ONE OF THE OPTIONS.

5 Q AND DID MR. PARLATO -- DO YOU KNOW IF HE EVER
6 EVENTUALLY LENT MONEY TO THE PROJECT?

7 A NO, HE DIDN'T.

8 Q DO YOU KNOW WHY?

9 A BECAUSE WHEN HE CAME OUT HERE HE WAS --
10 MR. RILEY: OBJECTION, FOUNDATION, HEARSAY.
11 THE COURT: SUSTAINED.

12 Q BY MR. CROCKETT: AND HOW DID YOU -- ONCE --
13 THERE CAME A TIME IN WHICH YOU ACQUIRED CONTROL OF PRECISION
14 PROPERTIES; CORRECT?

15 A CORRECT.

16 Q AND HOW DID YOU DO THAT?

17 A WE ASKED MR. PARLATO TO HELP US DO THAT, AND WE
18 TALKED TO THE PLYAMS AND HAD AN AGREEMENT AND THEY SIGNED IT
19 AND WE SIGNED IT, AND IT WAS -- IT WAS -- YOU KNOW, WE --

20 Q DID THEY VOLUNTARILY TURN THE PROPERTY OVER OR
21 DID YOU HAVE TO GO TO OTHER MEANS TO GET THE PROPERTY?

22 MR. RILEY: OBJECTION, LEADING.

23 THE COURT: SUSTAINED.

24 Q BY MR. CROCKETT: DO YOU KNOW HOW YOU GOT THE
25 PROPERTIES? I MEAN, DO YOU KNOW WHAT THE PLYAMS DID TO GIVE
26 YOU BACK THE PROPERTIES?

27 MR. RILEY: OBJECTION, HEARSAY, FOUNDATION, LEADING.

28 THE COURT: WELL, AS PHRASED, OVERRULED.

1 THE WITNESS: MR. PARLATO --

2 MR. RILEY: OBJECTION, NONRESPONSIVE.

3 THE COURT: SUSTAINED.

4 MR. RILEY: MOVE TO STRIKE.

5 THE COURT: IT'S JUST A YES OR NO QUESTION.

6 Q BY MR. CROCKETT: JUST TRY YES OR NO. DO YOU
7 KNOW HOW YOU ACTUALLY GOT PHYSICAL CONTROL OF THE PROPERTIES?

8 A YES.

9 Q EXPLAIN HOW.

10 MR. RILEY: OBJECTION, HEARSAY, NO FOUNDATION.

11 THE COURT: SUSTAINED.

12 Q BY MR. CROCKETT: WHAT IS THE MEANS BY WHICH
13 YOU KNOW HOW YOU GOT PHYSICAL CONTROL OF THE PROPERTIES? I
14 MEAN, ARE YOU GUESSING OR DID YOU RECEIVE THE INFORMATION FROM
15 YOUR ADVISORS?

16 A WE RECEIVED INFORMATION FROM OUR ADVISORS. WE
17 ALSO -- THERE WAS A DOCUMENT SIGNED.

18 Q AND SINCE ACQUIRING THE PROPERTIES, HAVE YOU
19 BUILT ANY OF THEM OUT?

20 A NO, WE HAVEN'T. ACTUALLY IT TOOK US A YEAR TO
21 GET THE FINANCIALS OF THE PROPERTIES. IT TOOK US A YEAR TO BE
22 ABLE TO GET THE PROPERTIES TO A PLACE -- SOME OF THEM WERE
23 DANGEROUS AND WE HAD TO EVEN -- WE HAD A LOT OF WORK TO DO.
24 THE WHOLE COMPANY WAS A MESS. I'M NOT A REAL ESTATE DEVELOPER
25 AND NEITHER IS MR. DEL NEGRO, AND WE BASICALLY HAD A MESS THAT
26 WE HAD TO FIGURE OUT WHAT WAS GOING ON, WHERE THE MONIES HAD
27 GONE, HOW MUCH WAS INVESTED IN EACH PROPERTY.

28 THE FACT THAT THERE WAS A LOT OF PROPERTIES

1 THAT HAD VERY SERIOUS PROBLEMS, EVEN ONE HILLSIDE WAS ABOUT TO
2 COME DOWN, THERE WAS A LOT OF WORK TO DO TO EVEN GET THEM TO A
3 PLACE WHERE THEY WERE AT SQUARE ONE.

4 MR. RILEY: MOVE TO STRIKE THE LAST PART, NO
5 FOUNDATION, HEARSAY.

6 THE COURT: SUSTAINED. STRICKEN, THE LAST PORTION.

7 Q BY MR. CROCKETT: DID YOU GET ANY EXPERT
8 INVOLVED SINCE YOU'RE NOT REAL ESTATE DEVELOPERS TO ADVISE
9 YOU?

10 A YES.

11 MR. RILEY: OBJECTION. THE QUESTION HAS BEEN
12 ANSWERED.

13 THE COURT: ALL RIGHT. THE QUESTION HAS BEEN
14 ANSWERED.

15 Q BY MR. CROCKETT: CAN YOU TELL ME WHO THAT
16 EXPERT WAS?

17 A YES. SHANNON SHEEHAN FROM CITIZEN PROPERTIES.

18 Q AND IS SHE -- WHAT KIND OF EXPERT IS SHE?

19 A SHE'S BEEN IN THE REAL ESTATE BUSINESS FOR
20 20 -- 15 TO 20 YEARS.

21 Q AND SO WHAT DID YOU HAVE MS. SHEEHAN DO WITH
22 PRECISION PROPERTIES?

23 A WELL, FIRST, I ASKED HER TO LOOK INTO ALL THE
24 PROPERTIES AND FIGURE OUT WHAT WAS GOING ON WITH THEM, WHERE
25 THEY WERE, HOW MUCH MONEY WAS IN EACH PROPERTY. JUST REALLY
26 ASKED HER TO PUT THE COMPANY BACK INTO A PLACE WHERE WE COULD
27 DETERMINE WHAT TO THEN DO, WHAT STEPS TO THEN TAKE. AND SHE
28 DID THAT.

1 Q AND DO YOU KNOW IF SHE SECURED THE PROPERTIES
2 FROM WEATHER EXPOSURE?

3 A YES, SHE DID.

4 Q AND DO YOU KNOW IF SHE SECURED THE PROPERTY
5 FROM ACCESS TO THE PUBLIC LIKE --

6 MR. RILEY: OBJECTION, LEADING.

7 THE COURT: WELL, IT REQUIRES YES OR NO. SO, YES.
8 SUSTAINED.

9 Q BY MR. CROCKETT: DID -- WERE THERE BILLS TO
10 PAY?

11 A THERE WERE A LOT OF BILLS TO PAY. THERE WAS
12 THE REGULAR DAY-TO-DAY BILLS. THERE WERE HUNDREDS OF
13 EMPLOYEES THAT HADN'T BEEN PAID, AND THERE WERE A LOT OF, YOU
14 KNOW, DIFFERENT CONTRACTORS THAT NEEDED TO BE PAID. SO IT
15 TOOK US A LONG TIME, AND WE PAID MILLIONS OF DOLLARS AND MADE
16 SURE EVERY LAST ONE WAS PAID.

17 Q AND IS THERE A PARTICULAR REASON WHY YOU'VE NOT
18 PURSUED ANY OF THESE PROJECTS TO FULL DEVELOPMENT BY TODAY'S
19 DATE?

20 A YES. WELL, AT FIRST, LIKE I SAID, IT TOOK US A
21 LONG TIME TO GET ALL THE PROPERTIES TO A POINT WHERE THEY
22 WERE -- WE UNDERSTOOD WHERE THE MONEY WAS, HOW MUCH HAD GONE
23 INTO EACH PROPERTY, AND IT ALSO TOOK US A LONG TIME TO GET THE
24 PROPERTIES TO A POINT WHERE THEY WERE SAFE AND STABLE. THEN
25 WE -- THEN THERE WAS THE LIS PENDENS PUT ONTO THE PROPERTIES
26 WHICH MADE IT IMPOSSIBLE FOR US TO GET ANY MONIES FROM THE
27 BANKS. AND AT THAT POINT, ONCE THE LIS PENDENS WERE LIFTED,
28 THE MARKET HAS BEEN TERRIBLE AND ALL OF THE ADVISORS TOLD US

1 THAT --

2 MR. RILEY: OBJECTION, MOVE TO STRIKE, HEARSAY.

3 THE COURT: RIGHT. THE QUESTION HAS BEEN ANSWERED.

4 Q BY MR. CROCKETT: SO YOU MENTIONED THE LIS
5 PENDENS, WHAT'S THAT?

6 A A LIS PENDENS IS -- BASICALLY, IT'S A HOLD ON
7 THE PROPERTIES WHERE THE TITLE IS PLACED IN HOLD AND NO BANK
8 WOULD EVER TOUCH A PROPERTY, WOULD NEVER ALLOW ANYONE TO TAKE
9 ANY MONEY OUT OR LOAN ONCE THE PROPERTY HAS A LIS PENDENS ON
10 IT.

11 Q WHO DID THAT TO YOU?

12 A THE PLYAMS.

13 Q YOU MEAN, THE PLYAMS PUT A HOLD ON THE PROPERTY
14 SO YOU COULDN'T DO ANYTHING WITH IT?

15 A THAT'S CORRECT.

16 Q DID THE PLYAMS EVER EXPLAIN TO YOU WHY THEY
17 WERE PUTTING A HOLD ON THE PROPERTY SO YOU, THE OWNERS, COULD
18 NOT DO ANYTHING WITH IT?

19 A NO, THEY DID NOT.

20 Q WHAT HAPPENED TO FRANK PARLATO? IS HE
21 CONTINUING ON WITH THE DEVELOPMENT?

22 A NO. WE ACTUALLY FIRED FRANK PARLATO SEVERAL
23 MONTHS AFTER HE HAD BEEN IN CALIFORNIA. WE HAD JUST BEEN
24 ASKING HIM FOR RECORDS AND BACKUP FOR THE MONIES THAT HE WAS
25 ASKING FOR AND HE WAS NEVER ABLE TO SUPPLY THEM, AND AT THAT
26 POINT, WE ASKED TO SPLIT WAYS.

27 Q DID YOU REPLACE MR. PARLATO WITH ANYBODY?

28 A YES. WE HAD MR. DEL NEGRO, JIM DEL NEGRO AS

1 ACTING CEO FOR A WHILE, AND THEN ONCE WE HAD -- ONCE THE
2 COMPANY WAS SARA AND I'S, WE INSTATED HIM AS PRESIDENT OF THE
3 COMPANY.

4 Q DID MR. PARLATO DO ANY GOOD FOR YOU BEFORE YOU
5 FIRED HIM?

6 A ABSOLUTELY.

7 Q WHAT DID HE DO?

8 A HE HELPED DETERMINE THAT THERE WAS A SERIOUS
9 PROBLEM WITH A HUGE INVESTMENT THAT MY SISTER AND I HAD MADE,
10 AND HE WAS WILLING TO BE THE PERSON OUT HERE TRYING TO UNCOVER
11 EVERYTHING THAT WAS HAPPENING. SO I'M VERY GRATEFUL FOR THAT.

12 Q AND DID YOU PAY HIM ANYTHING?

13 A WE DIDN'T PAY HIM TO ORIGINALLY COME OUT HERE.
14 WE DID PAY HIM AN HOURLY RATE. HE WAS DOING OTHER WORK FOR US
15 IN NEW YORK PRIOR TO EVEN ANYTHING TO DO WITH PRECISION, AND
16 WE CONTINUED TO PAY HIM HIS HOURLY RATE.

17 Q NOW, I HEARD A STATEMENT IN OPENING BY
18 MR. RILEY SOMETHING ABOUT A MILLION DOLLARS. IS THERE A
19 MILLION DOLLARS FEE PAID TO MR. PARLATO?

20 A NO. WE LOANED MR. PARLATO A MILLION DOLLARS
21 AS -- WHEN HE CAME OUT HERE, HE SAID THERE WERE CERTAIN THINGS
22 HE NEEDED TO TAKE CARE OF AT HOME AND IF WE COULD HELP HIM
23 JUST BRIDGE A MILLION DOLLARS LOAN, HE WOULD BE ABLE TO STAY
24 OUT HERE. IT SOUNDED LIKE A LOT OF MONEY. IT IS. COMPARED
25 TO 26.43, IT WAS WORTH IT TO US.

26 Q DID YOU UNDERSTAND MR. PARLATO TO BE AN
27 EXPERIENCED REAL ESTATE DEVELOPER WHEN HE CAME OUT HERE?

28 MR. RILEY: OBJECTION, LEADING.

1 THE COURT: REPHRASE.

2 Q BY MR. CROCKETT: DO YOU KNOW WHAT
3 MR. PARLATO'S BACKGROUND IN REAL ESTATE WAS WHEN HE CAME OUT
4 HERE?

5 A HE OWNED A BUILDING IN BUFFALO. HE HAD DONE
6 SOME DIFFERENT FINANCING AND DIFFERENT REAL ESTATE IN UPSTATE
7 NEW YORK.

8 Q SO WHEN YOU WERE ON -- WHEN YOU FINALLY TOOK
9 CONTROL OF THE PROPERTIES, DID YOU GET WARNINGS FROM BUILDING
10 AND SAFETY PEOPLE ABOUT THE CONDITION OF THE PROPERTIES?

11 MR. RILEY: OBJECTION, LEADING, HEARSAY.

12 THE COURT: SUSTAINED.

13 Q BY MR. CROCKETT: DID YOU GET ANY -- DID YOU
14 HAVE TO DEAL WITH ANY GOVERNMENT ISSUES WITH RESPECT TO THE
15 PROPERTIES ONCE YOU TOOK CONTROL?

16 MR. RILEY: OBJECTION, LEADING, HEARSAY, FOUNDATION.

17 THE COURT: SUSTAINED.

18 Q BY MR. CROCKETT: WHAT KIND OF PROBLEMS DID YOU
19 HAVE, IF ANY, WITH THE PROPERTIES IN TERMS OF PAPERWORK AFTER
20 YOU TOOK CONTROL?

21 MR. RILEY: OBJECTION, RELEVANCE, LEADING.

22 THE COURT: WELL, WHY DON'T YOU APPROACH.

23

24 (WHEREUPON THE FOLLOWING PROCEEDINGS
25 WERE HELD AT SIDEBAR:)

26

27 THE COURT: ACTUALLY, THAT'S WHAT I WAS LOOKING FOR.
28 I'M NOT SURE OF THE RELEVANCE OF THIS ONCE MS. BRONFMAN TOOK

1 OVER THE MATTER.

2 MR. CROCKETT: BECAUSE THEY CONTEND THAT WE FAILED TO
3 MITIGATE AND HERE'S THE OWNER. HERE'S THE OWNER TRYING TO
4 EXPLAIN WHAT EFFORTS THEY DID TO MITIGATE. I MEAN --

5 THE COURT: OKAY. WAIT. WHAT DO YOU SAY, MR. RILEY?

6 MR. RILEY: WHAT HE'S GOING INTO, THOUGH, IS HE'S
7 TRYING TO SAY PROPERTY DEFECTS. THIS IS NOT A NEGLIGENCE
8 CASE. THAT IS A CONVERSION CASE AND --

9 THE COURT: BREACH OF FIDUCIARY DUTY.

10 MR. RILEY: -- AND BREACH OF FIDUCIARY DUTY.

11 MR. CROCKETT: I NEED TO RESPOND.

12 MR. RILEY: NOT A --

13 THE COURT: OKAY. OKAY.

14 MR. CROCKETT: IT IS A CONSTRUCTION DEFECT CASE, AND
15 WE'VE HAD EXPERTS ON BOTH SIDES -- LET ME FINISH. WE'VE HAD
16 EXPERTS ON BOTH SIDES TESTIFYING AS TO THE DEFECTS. I HAD MY
17 EXPERT AND THEY HAVE THEIR EXPERTS. THIS IS A BREACH OF
18 FIDUCIARY DUTY CASE AND WE'RE GOING TO TESTIFY AS TO -- AND
19 WE'RE GOING TO BRING IN EVIDENCE AS TO WHAT THE PROPERTIES ARE
20 WORTH TODAY AND WHY THEY'RE WORTH THAT AND THE COST IT'S GOING
21 TO TAKE TO REHABILITATE THEM TO PUT THEM ON THE MARKET FOR
22 SALE, AND SHE'S GOING TO SAY THAT THESE PROPERTIES, YOU
23 KNOW -- SHE'S GOING TO -- SO SHE'S GOING TO TALK ABOUT THESE
24 PROPERTIES IN TERMS OF BEING CHALLENGED BY CITY OFFICIALS AND
25 HOW THEY HAD TO LET THE PERMITS LAPSE.

26 MR. RILEY: YOUR HONOR --

27 THE COURT: GO AHEAD, MR. RILEY.

28 MR. RILEY: THE DEVELOPER OF THIS PROPERTY WAS CASTLE

1 ASSET MANAGEMENT. CASTLE ASSET MANAGEMENT DISMISSED THEIR
2 LAWSUIT. THE ONLY LAWSUIT WE HAVE HERE IS PRECISION
3 DEVELOPMENT, THE HOLDER OF THESE PROPERTIES, FOR CONVERSION OF
4 ASSETS AND FOR BREACH OF FIDUCIARY DUTY. THIS IS NOT A
5 CONSTRUCTION DEFECT CASE. THAT ENTITY IS LONG GONE FROM THIS
6 CASE. IT'S A VERY NARROW CASE.

7 MR. CROCKETT: PRECISION HOLDS THE TITLE. CASTLE
8 ASSET MANAGEMENT HAS NOTHING TO DO WITH THIS CASE ANYMORE.
9 PRECISION HOLDS THE TITLE. PRECISION IS SAYING OUR DAMAGES
10 ARE THIS. THE PROPERTIES WE OWN --

11 THE COURT: I HEAR WHERE YOU'RE GOING, BUT I'M NOT
12 SURE I'M CONVINCED. SO MOVE ON TO ANOTHER -- BECAUSE I'M
13 NOT -- HERE'S THE PROBLEM. WELL, I DON'T WANT TO GO INTO IT
14 NOW WITH THE JURY WAITING. SO SUSTAINED.

15
16 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
17 HELD IN OPEN COURT IN THE PRESENCE OF THE
18 JURY:)

19
20 Q BY MR. CROCKETT: DO YOU KNOW IF THERE WERE
21 PERMITS ON THE PROPERTY?

22 MR. RILEY: OBJECTION, VAGUE, OVER BROAD. I MEAN,
23 THERE'S 27 PROPERTIES.

24 THE COURT: SUSTAINED.

25 Q BY MR. CROCKETT: WERE THERE ANY PERMITS ON ANY
26 OF THE PROPERTIES?

27 A YES, THERE WERE PERMITS ON SOME OF THE
28 PROPERTIES.

1 Q DID YOU LET ANY OF THE PERMITS LAPSE?

2 A YES, WE DID. WE ACTUALLY KEPT THE PERMITS IN
3 GOOD ORDER FOR A LONG TIME BUT THEN THE EXPENSES WERE JUST SO
4 HIGH, WE -- AND WE WEREN'T DOING -- WE WEREN'T ABLE TO DEVELOP
5 THEM, SO WE DID LET THEM LAPSE.

6 Q SO HOW MUCH MONEY HAVE YOU LOST IN THIS
7 INVESTMENT?

8 MR. RILEY: OBJECTION, RELEVANCE, FOUNDATION.

9 THE COURT: SUSTAINED.

10 Q BY MR. CROCKETT: HOW MUCH MONEY DID YOU
11 INVEST?

12 A 26.43 MILLION UP TILL 2008.

13 Q AND THEN DID YOU SPEND MILLIONS MORE TO KEEP
14 THE PROPERTIES IN SHAPE OR UP TO SHAPE?

15 A YES. WE'VE SPENT MILLIONS IN THE LAST FEW
16 YEARS GETTING THEM UP TO SHAPE, TRYING TO FIX A LOT OF THE
17 PROBLEMS THAT WERE ORIGINALLY THERE AND THEN MAINTAINING THEM.

18 Q AND DID YOU SPEND MILLIONS ON PAYING THE
19 PLYAMS' BILLS?

20 MR. RILEY: OBJECTION, LEADING.

21 THE COURT: SUSTAINED.

22 Q BY MR. CROCKETT: DID YOU PAY ANY BILLS?

23 A YES. WE PAID MILLIONS OF DOLLARS WORTH OF
24 BILLS. WE -- LIKE I SAID, IT WAS A MESS WHEN WE TOOK OVER THE
25 PROPERTIES, WHEN WE TOOK OVER THE COMPANY. THERE WAS MANY
26 EMPLOYEES WHO HADN'T BEEN PAID. THERE WAS MANY COMPANIES WHO
27 HADN'T BEEN PAID, AND IT TOOK CONSIDERABLE TIME, EFFORT AND,
28 YOU KNOW, MILLIONS OF DOLLARS TO FIGURE IT OUT AND HAVE

1 EVERYTHING SO THAT THEY WERE ALL SQUARED AWAY.

2 Q NOW, THESE EMPLOYEES THAT WEREN'T PAID OR
3 COMPANIES THAT WEREN'T PAID, UNDER WHOSE WATCH WERE THESE
4 EMPLOYEES OR COMPANY? WERE THEY DURING YOUR PERIOD OR DURING
5 THE PLYAMS' PERIOD?

6 A IT WAS DURING THE PLYAMS'.

7 Q SO YOU ENDED UP PAYING MILLIONS OF THE PLYAMS'
8 BILLS AND DEBTS?

9 A YES.

10 MR. RILEY: OBJECTION, ARGUMENTATIVE.

11 THE COURT: SUSTAINED.

12 Q BY MR. CROCKETT: DID YOU PAY THE PLYAMS'
13 DEBTS?

14 MR. RILEY: OBJECTION, ARGUMENTATIVE.

15 THE COURT: SUSTAINED.

16 Q BY MR. CROCKETT: DID YOU -- WHAT IS THE BASIS
17 FOR YOUR TESTIMONY THAT YOU PAID ALL THESE BILLS? HOW DO YOU
18 KNOW THAT YOU PAID ALL THESE BILLS?

19 A BECAUSE WE WOULD -- WELL, I KNOW BECAUSE I
20 AUTHORIZED THE PAYMENT OF ALL OF THE BILLS. BUT WE HAD, YOU
21 KNOW, LISTS OF EMPLOYEES. WE HAD SEVERAL PEOPLE EVEN BRINGING
22 SUITS AGAINST US TO TRY AND GET THE MONIES BACK AND, OF
23 COURSE, WE WANTED TO MAKE SURE EVERYONE WAS PAID FOR. AT THAT
24 POINT, WE HAD THE SOLE OWNERSHIP OF THE COMPANY -- WELL, NOT
25 THE SOLE OWNERSHIP, BUT WE WERE THE MANAGING DIRECTORS OF THE
26 COMPANY AND WE WANTED TO MAKE SURE -- WE HAD A RESPONSIBILITY
27 TO MAKE SURE EVERYONE WAS PAID AND EVERYONE WAS TAKEN CARE OF.
28 SO I AUTHORIZED ALL OF IT.

1 Q NOW, WERE ANY OF THESE EMPLOYEES THAT YOU PAID
2 EMPLOYEES THAT WERE EMPLOYEES OF PRECISION WHEN MR. DEL NEGRO
3 WAS IN CHARGE?

4 A THAT HADN'T -- I MEAN, THIS WAS ALL BACK. IT
5 WAS ALL RETROACTIVE.

6 Q DURING THE PLYAMS' PERIOD?

7 A CORRECT.

8 Q AND DO YOU KNOW IF MR. DEL NEGRO WAS ABLE TO
9 HIRE AT LEAST ONE OR TWO OR THREE EMPLOYEES TO HELP WITH
10 PROCESSING THE PAPERWORK AND THE DOCUMENTS?

11 A YES, HE DID.

12 Q DO YOU REMEMBER ANY OF THEIR NAMES?

13 A WELL, SHANNON ALSO HELPED. I BELIEVE MARIO
14 HELPED.

15 Q WAS THERE AN ACCOUNTANT BY THE NAME OF
16 MONAGHAN?

17 A YES. WE HAD TO HIRE MONAGHAN BECAUSE WE HAD
18 NO -- THE PLYAMS HADN'T GIVEN US ANY RECORDS AND WE WERE
19 STRUGGLING TO EVEN SEE WHAT WAS WHAT, AND SO WE DID, WE HIRED
20 GREG MONAGHAN TO HELP US.

21 Q DO YOU KNOW IF THE PLYAMS TURNED OVER TO YOU
22 VOLUNTARILY ANY LEDGERS OR GENERAL LEDGERS PERTAINING TO THE
23 PROPERTY?

24 A NO. THERE WERE NO LEDGERS. THAT'S ACTUALLY
25 ONE OF THE REASONS WHY WE HIRED MONAGHAN. I ALSO HIRED
26 ANOTHER ACCOUNTANT TO TRY TO PUT THE BOOKS BACK TOGETHER AND
27 TRY TO FIGURE OUT ALL OF THE MONIES BECAUSE IT WAS IN SUCH
28 DISARRAY. WE HAD NO LEDGERS, NO BOOKS, NO NOTHING.

1 Q DID YOU KNOW -- BUT THE PLYAMS DID TURN OVER
2 SOME PLANS TO YOU; CORRECT?

3 A YES. WE DID HAVE PLANS THEY DID SEND US OVER.

4 MR. CROCKETT: ALL RIGHT. I HAVE NO FURTHER
5 QUESTIONS.

6 THE COURT: CROSS.

7 MR. RILEY: THANK YOU, YOUR HONOR.

8

9 CROSS-EXAMINATION

10 BY MR. RILEY:

11 Q GOOD MORNING, MS. BRONFMAN.

12 A HELLO, MR. RILEY.

13 Q MS. BRONFMAN, AT ONE POINT YOU SAID THAT NANCY
14 SALZMAN WAS YOUR ADVISOR. IS SHE STILL YOUR ADVISOR TODAY?

15 A YES, SHE IS.

16 Q AND YOU BELIEVE SHE SIGNED A DOCUMENT IN THIS
17 CASE; CORRECT?

18 A CORRECT -- WELL, I BELIEVE SHE SIGNED SEVERAL
19 DOCUMENTS IN THIS CASE.

20 Q HOW OFTEN DO YOU COMMUNICATE WITH MS. SALZMAN
21 TODAY?

22 A ON A REGULAR BASIS. I WOULDN'T SAY DAILY BUT
23 FREQUENTLY.

24 Q I ASSUME YOU'VE TALKED TO HER SINCE WE'VE BEEN
25 IN TRIAL; CORRECT?

26 A YES.

27 Q AND WHERE IS MS. SALZMAN?

28 A MS. SALZMAN IS IN ALBANY, NEW YORK.

1 Q DOES SHE PLAN ON COMING AND TESTIFYING TO YOUR
2 KNOWLEDGE?

3 A I DON'T BELIEVE SO.

4 Q WHO IS KRISTIN KEEFFE?

5 A KRISTIN KEEFFE IS A FRIEND. SHE'S ALSO A LEGAL
6 LIAISON FOR MY SISTER, MYSELF, AND FOR NXIVM.

7 Q SHE'S A LEGAL LIAISON FOR YOU, YOUR SISTER,
8 SARA, AND FOR NXIVM?

9 A CORRECT.

10 Q WHAT IS A LEGAL LIAISON?

11 A LEGAL LIAISON IS SOMEBODY WHO SORT OF IS THE
12 MIDDLE PERSON BETWEEN THE ATTORNEYS AND OURSELVES.

13 Q DOES SHE HAVE A LAW DEGREE?

14 A NO, SHE DOESN'T.

15 Q WHAT IS HER -- BESIDES BEING A LEGAL LIAISON,
16 WHAT IS HER POSITION WITH NXIVM?

17 A I DON'T BELIEVE SHE HAS ANY OTHER POSITION.

18 Q DOES SHE ALSO -- IS SHE ALSO A LEGAL LIAISON
19 FOR MR. RANIERE?

20 A I'M NOT SURE. SHE MIGHT BE, BUT I'M NOT SURE.

21 Q AND HAS KRISTIN KEEFFE DONE WORK THAT'S RELATED
22 TO THIS CASE AND THESE PROPERTIES?

23 A KRISTIN ACTUALLY -- MS. KEEFFE -- SORRY --
24 WASN'T ACTUALLY THAT INVOLVED IN THIS CASE. I THINK SHE HAD A
25 LITTLE BIT OF INVOLVEMENT LATER ON, BUT SHE WASN'T INVOLVED
26 ORIGINALLY IN THIS CASE.

27 Q TO YOUR KNOWLEDGE IS KRISTIN KEEFFE --
28 MS. KEEFFE IN ALBANY, NEW YORK?

1 A YES, I BELIEVE SO.

2 Q IS SHE PLANNING ON COMING OUT TO TESTIFY TO
3 YOUR KNOWLEDGE?

4 A I DON'T BELIEVE SO. I DON'T BELIEVE SHE EVER
5 RECEIVED A SUBPOENA.

6 Q YOU UNDERSTAND THAT A SUBPOENA FROM HERE,
7 CALIFORNIA, WOULDN'T WORK IN NEW YORK UNLESS THE PARTY
8 VOLUNTARILY CAME; RIGHT?

9 A YES, I DO KNOW.

10 Q YOU'RE VERY VERSED THE LEGAL SYSTEM, AREN'T
11 YOU?

12 A I WOULDN'T GO THAT FAR TO SAY THAT. I'M --
13 HAVE SOME EXPERIENCE WITH THE LEGAL SYSTEM, BUT I'M --
14 CERTAINLY NEVER WENT -- YOU KNOW, NEVER GOT LAW DEGREE, NEVER
15 WENT TO COLLEGE FOR LEGAL ANYTHING. SO I HAVE PERSONAL
16 EXPERIENCE AND THAT'S IT.

17 Q AND YOU HAVE A LOT OF CASES PENDING RIGHT NOW
18 INVOLVING NXIVM, DON'T YOU?

19 MR. CROCKETT: OBJECTION, YOUR HONOR. WE HAVE A
20 LIMINE MOTION ON THAT. SIDEBAR.

21 MR. RILEY: THERE'S NO MOTION IN LIMINE.

22 THE COURT: ALL RIGHT. SUSTAINED. RELEVANCE.

23 MR. CROCKETT: RELEVANCE.

24 MR. RILEY: I'LL COME BACK TO THAT.

25 Q WHEN'S THE LAST TIME YOU TALKED TO MR. RANIERE?

26 A I THINK THIS MORNING.

27 Q AND HOW OFTEN DO YOU TALK TO MR. RANIERE?

28 A OFTEN.

1 Q A FEW TIMES A DAY?

2 A SOMETIMES, SOMETIMES NOT. SOMETIMES ONCE A
3 DAY. DEPENDS.

4 Q MR. RANIERE WAS INVOLVED IN THIS -- THE
5 INCEPTION OF THIS REAL ESTATE VENTURE FROM THE BEGINNING,
6 WASN'T HE?

7 A HE WAS INVOLVED AS FAR AS HE PUT US, THE PLYAMS
8 AND MY SISTER AND MYSELF AND NANCY, TOGETHER. AND HE ALSO --
9 YOU KNOW, I ASKED HIS ADVICE BECAUSE HE ADVISES ME.

10 Q HE ADVISES YOU ON A LOT OF THINGS, DOESN'T HE?

11 A YES, HE DOES.

12 Q AND YOU USUALLY FOLLOW HIS ADVICE, DON'T YOU?

13 A IF I AGREE WITH IT, YES. IF I DON'T, NO.

14 Q HAVE YOU EVER FOUND YOURSELF TO DISAGREE WITH
15 MR. RANIERE'S ADVICE?

16 A YES, ON OCCASION.

17 Q IS MR. RANIERE PLANNING ON COMING OUT AND
18 TESTIFYING?

19 A I DON'T BELIEVE SO.

20 Q AND YOU UNDERSTAND THAT MOST OF THE
21 COMMUNICATIONS BETWEEN MR. PLYAM AND YOUR PEOPLE WAS WITH MR.
22 RANIERE ON THIS DEAL; RIGHT?

23 A I'M SORRY. I DON'T UNDERSTAND YOUR QUESTION.

24 Q YOU'VE GONE THROUGH -- YOU'VE SEEN ALL THE
25 E-MAILS THAT ARE IN THE EXHIBIT BINDERS IN THIS CASE; RIGHT?

26 A I HAVEN'T ACTUALLY SEEN ALL OF THEM, NO.

27 Q HAVE YOU SEEN ANY E-MAILS BETWEEN MY CLIENT,
28 MR. PLYAM, AND MR. RANIERE?

1 A I'VE SEEN WHAT YOU'VE DISPLAYED.

2 Q SO YOU HAVEN'T SEEN ANY OTHER E-MAILS?

3 A I DON'T -- NO, I HAVEN'T. I'VE SEEN A FEW THAT
4 MR. CROCKETT HAS SHOWN ME, BUT THAT'S ABOUT IT.

5 Q AND DON'T YOU THINK THAT MR. RANIERE COULD
6 OFFER A LOT OF INFORMATION ON WHAT HAPPENED?

7 A IN THIS CASE, NO, I DON'T.

8 Q NOW, I WANT TO TAKE YOU BACK TO WHERE MR. --
9 YOUR ATTORNEY MR. CROCKETT STARTED AND YOU MADE A COMMENT
10 ABOUT THE TITLE VANGUARD AND YOU SAID IT'S A TITLE JUST LIKE
11 JUDGE OR LAWYER. WHAT DOES VANGUARD ACTUALLY MEAN?

12 A IT MEANS IT'S A PHILOSOPHICAL -- LEADER OF A
13 PHILOSOPHICAL MOVEMENT OR A FOUNDER OF A PHILOSOPHICAL
14 MOVEMENT.

15 Q IS THAT ACTUALLY WHAT THE DEFINITION OF
16 VANGUARD IS?

17 A YES.

18 Q DOES NANCY SALZMAN HAVE A TITLE IN NXIVM?

19 A YES, SHE DOES. IT'S PERFECT MUCH LIKE -- I
20 WENT TO ENGLISH BOARDING SCHOOL, SO IT'S SOMETHING I'M
21 FAMILIAR WITH. YOU WOULD REFER TO THE HEAD OF A SCHOOL AS
22 PREFECT.

23 Q SO IS SHE THE HEAD OF NXIVM?

24 A SHE'S THE PRESIDENT OF NXIVM, YES.

25 Q NOW, WHEN MR. CROCKETT FIRST ASKED YOU ABOUT
26 THE MONEY INVOLVED IN THIS INVESTMENT, I THINK YOUR FIRST
27 COMMENT WAS 22 MILLION A PIECE WHICH YOU QUICKLY CORRECTED AND
28 THEN SAID \$22 MILLION. DO YOU RECALL THAT TESTIMONY?

1 A YES, I DO.

2 Q THEN A FEW MINUTES LATER, YOU CHANGED THAT

3 TESTIMONY AND YOU SAID \$20 MILLION. THAT'S A BIG DIFFERENCE,

4 ISN'T IT?

5 A YES.

6 Q SO WHICH IS IT? THE 22 MILLION THAT YOU FIRST

7 SAID OR THE 20 MILLION THAT YOU SAID SECOND?

8 A I BELIEVE IT WAS 20. SO -- I THINK AT TIMES

9 IT'S VARIED BUT --

10 Q I'D LIKE TO READ FROM THE DEPOSITION OF

11 MS. BRONFMAN. MS. BRONFMAN YOU HAD YOUR DEPOSITION TAKEN IN

12 THIS MATTER BACK IN -- ON JUNE 1ST, 2009 CORRECT?

13 A YES. THAT'S CORRECT.

14 Q AND THAT WAS TAKEN IN ALBANY, NEW YORK, AT THE

15 HOLIDAY INN; CORRECT?

16 A CORRECT.

17 Q AND THE ATTORNEY REPRESENTING THE PLYAMS AT THE

18 TIME WAS AN ATTORNEY BY THE NAME OF DAVID PILLEMER?

19 A CORRECT.

20 Q I TAKE IT YOU'VE READ YOUR DEPOSITION?

21 A YES, I HAVE.

22 Q AND I THINK THE TESTIMONY IS ABOUT 70 PAGES

23 LONG, YOUR DEPOSITION; CORRECT?

24 A I BELIEVE SO.

25 Q OKAY. DO YOU KNOW HOW LONG MRS. PLYAM'S DEPO

26 IS -- DEPOSITION?

27 A I DON'T. I ASSUME IT'S LONGER.

28 Q I ASSUME YOU LOOKED AT IT; RIGHT?

1 A I HAVEN'T READ THROUGH IT, NO.

2 Q DID YOU KNOW IT WAS 700 PLUS PAGES FOR
3 MRS. PLYAM'S DEPOSITION?

4 A I DON'T KNOW. I KNOW THAT IT'S -- THE BINDER
5 IS A LOT BIGGER THAN MINE.

6 Q SO I'M GOING TO READ FROM THE DEPOSITION OF
7 MS. BRONFMAN DATED JUNE 1ST, 2009, AND I'M READING FROM PAGE
8 26 LINES FOUR THROUGH SIX.

9 MR. CROCKETT: CAN THE WITNESS BE PERMITTED TO FOLLOW
10 ALONG?

11 MR. RILEY: NO.

12 THE COURT: NO.

13 MR. CROCKETT: NO?

14 THE COURT: THAT'S ALL RIGHT. BUT I SHOULD IF
15 SOMEBODY WILL GIVE ME A COPY.

16 MR. RILEY: ACTUALLY, YOUR HONOR, I DON'T HAVE AN
17 EXTRA COPY. I'M SORRY.

18 THE COURT: IS THERE ANY OBJECTION?

19 MR. CROCKETT: NO OBJECTION.

20 THE COURT: ALL RIGHT.

21 MR. RILEY: YOUR HONOR, HERE'S AN EXTRA COPY IF YOU'D
22 LIKE.

23 THE COURT: ALL RIGHT. NO OBJECTION. GO AHEAD.

24 MR. RILEY: (READING:)

25 "QUESTION: DO YOU RECALL THAT THE NUMBER 22
26 MILLION WAS DECIDED UPON?

27 "ANSWER: YES."

28 Q AND YOU WOULD AGREE BACK IN 2009 THAT YOUR

1 MEMORY WAS MUCH BETTER THAN IT IS TODAY IN 2011 REGARDING THE
2 FACTS OF THIS CASE; RIGHT?

3 A PROBABLY.

4 Q NOW, YOU MENTIONED THAT YOU'VE NEVER INVESTED
5 IN YOUR OWN NAMES?

6 A CORRECT.

7 Q HOW DID YOU NORMALLY INVEST?

8 A WE USUALLY SET UP AN LLC AND INVEST THROUGH THE
9 LLC OR THROUGH AN EXISTING LLC OR -- DEPENDS. SOMETIMES --
10 USUALLY THROUGH AN LLC OR AN EXISTING LLC.

11 Q SO YOU'RE VERY FAMILIAR WITH LLC'S; CORRECT?

12 A DEPENDS ON WHAT YOU SAY -- HOW YOU DEFINE
13 FAMILIAR BUT, YEAH, I UNDERSTAND WHAT AN LLC IS ON THE BASIC
14 TERMS.

15 Q WELL, HOW MANY LLC'S DO YOU HAVE OR THAT YOU'RE
16 MEMBERS OF OR THAT YOU CONTROL?

17 MR. CROCKETT: OBJECTION, PRIVACY, IRRELEVANT.

18 THE COURT: WELL, WHY DON'T YOU COME OVER HERE.

19

20 (WHEREUPON THE FOLLOWING PROCEEDINGS

21 WERE HELD AT SIDEBAR:)

22

23 THE COURT: I THINK IT'S RELEVANT BUT AS OF TODAY,
24 IT'S IRRELEVANT. AS OF SOME DATE WHEN THIS -- WHEN PRECISION
25 WAS IN EXISTENCE OR CAME INTO EXISTENCE.

26 MR. RILEY: I'LL REPHRASE THE QUESTION.

27 THE COURT: REPHRASE THE QUESTION.

28 ///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
2 HELD IN OPEN COURT IN THE PRESENCE OF THE
3 JURY:)

4

5 Q BY MR. RILEY: AS OF SAY 2008 WHEN THINGS CAME
6 TO A HEAD WITH PRECISION, HOW MANY LLC'S WERE YOU INVOLVED IN?

7 A PROBABLY ABOUT EIGHT.

8 Q CAN YOU GIVE ME THE NAME OF THOSE LLC'S?

9 MR. CROCKETT: OBJECTION, IRRELEVANT.

10 THE COURT: SUSTAINED.

11 Q BY MR. RILEY: OF THESE EIGHT LLC'S, DID THEY
12 HAVE LLC AGREEMENTS?

13 A I THINK THEY HAD THE DOCUMENTATION TO FORM THE
14 LLC. BUT THE LLC'S ARE -- I'M THE SOLE OWNER OF THOSE LLC'S.
15 THERE'S NO AGREEMENT BETWEEN PARTIES.

16 Q BUT WHEREVER THOSE LLC'S ARE FILED -- ARE THEY
17 ALL FILED IN ONE STATE OR MULTIPLE STATES?

18 A DIFFERENT STATES. AND THEY HAVE -- THEY ALL
19 COMPLY WITH EACH STATE'S FORMALITIES.

20 Q AND IN ALL THOSE LLC'S, THOSE EIGHT LLC'S AS OF
21 2008, ALL THOSE FILINGS IN THOSE DIFFERENT STATES IDENTIFIED
22 YOUR NAME AS BEING A MEMBER OF THOSE LLC'S; CORRECT?

23 A CORRECT.

24 Q SO WHEN YOU SAY YOU DON'T INVEST IN YOUR OWN
25 NAME, YOUR OWN NAME WAS OUT THERE ON EIGHT LLC'S; RIGHT?

26 A WELL, THERE'S A DIFFERENCE. IF YOU DID A LOT
27 OF RESEARCH, THEN YOU FIND MY NAME. IF YOU DON'T DO RESEARCH,
28 YOU JUST HAVE MY NAME WITH THE LLC, AND THAT'S THE PURPOSE OF

1 IT.

2 Q THE TYPE OF BUSINESS THESE OTHER LLC'S WAS
3 DOING WAS DIFFERENT THAN THIS REAL ESTATE DEVELOPMENT; RIGHT?

4 A MAJORITY, YES.

5 Q AND THE -- WELL, WERE YOU EVER CONCERNED AT ANY
6 POINT IN TIME OF SOME -- ANYONE FINDING OUT THAT YOU WERE
7 INVESTING THIS KIND OF MONEY IN REAL ESTATE?

8 A NO. I MEAN, THERE'S ALWAYS THE QUESTION OF IF
9 THERE'S A PROBLEM, YOU OBVIOUSLY -- YOU KNOW, THERE'S A VEIL
10 THAT YOU ALWAYS WANT TO MAINTAIN.

11 Q WELL, LET ME BE MORE DIRECT. EDGAR BRONFMAN
12 SR. IS YOUR FATHER; CORRECT?

13 A THAT'S CORRECT.

14 Q WERE YOU EVER CONCERNED AT ALL THAT HE WOULD
15 FIND OUT ABOUT YOUR INVESTMENTS IN REAL ESTATE?

16 A I ASSUMED AT ONE POINT HE WOULD FIND OUT;
17 HOWEVER, I DON'T INVOLVE MY FATHER IN ANY OF MY BUSINESS OR
18 FINANCIAL TRANSACTIONS.

19 Q DOES HE DISAGREE WITH YOUR LIFESTYLE CHOICE IN
20 NXIVM?

21 MR. CROCKETT: OBJECTION, IRRELEVANT, FIRST AMENDMENT,
22 PRIVACY, ASSOCIATION.

23 MR. RILEY: I TRIED TO DO IT AS INNOCUOUS AS I COULD.

24 THE COURT: I'LL ALLOW IT. SO OVERRULED. BUT
25 BRIEFLY.

26 THE WITNESS: MY FATHER ACTUALLY THINKS THAT MY SISTER
27 AND I ARE DOING EXTREMELY WELL AND IS VERY HAPPY WITH HOW
28 WE'RE DOING AS MOST FATHERS WOULD BE.

1 Q BY MR. RILEY: YOU UNDERSTAND THAT WASN'T MY
2 QUESTION. MY QUESTION WAS: DOES YOUR FATHER DISAGREE WITH
3 YOUR MEMBERSHIP AND ACTIVITIES AS IT BELONGS TO NXIVM AND MR.
4 RANIERE?

5 MR. CROCKETT: OBJECTION, IRRELEVANT, FIRST AMENDMENT.
6 THE COURT: OVERRULED.

7 THE WITNESS: NO. BECAUSE OF HOW WELL WE'RE DOING.

8 Q BY MR. RILEY: HOW ABOUT IN 2008?

9 A AGAIN, SAME ANSWER.

10 Q NOW, WERE YOU EVER CONCERNED -- SO YOU'VE
11 INDICATED THAT YOU HAD NO CONCERNS ABOUT YOUR FATHER FINDING
12 OUT ABOUT THIS REAL ESTATE INVESTMENT; CORRECT?

13 A CORRECT. I FIGURED AT ONE POINT HE WOULD FIND
14 OUT.

15 Q BUT YOU DIDN'T CARE ABOUT THAT; YOU DIDN'T
16 WORRY AT ALL ABOUT THAT?

17 A I DIDN'T -- YOU KNOW, I DON'T TELL MY FATHER
18 ABOUT ANY OF MY FINANCES, ANY BUSINESS VENTURES THAT I DO.
19 THERE ARE CERTAIN FAMILY DYNAMICS THAT I CHOOSE NOT TO.

20 Q WERE YOU EVER CONCERNED ABOUT THE TRUSTEES OF
21 ANY OF YOUR TRUSTS FINDING OUT ABOUT YOUR REAL ESTATE
22 INVESTMENTS HERE IN CALIFORNIA?

23 A NO. BECAUSE I WOULD HAVE TO ASK THEM FOR THE
24 MONEY.

25 Q WELL, THE TRUSTEES -- HOW MANY -- BACK IN 2008,
26 HOW MANY DIFFERENT TRUSTS DID YOU HAVE SET UP WHERE YOU WOULD
27 DRAW MONEY FROM?

28 MR. CROCKETT: OBJECTION, IRRELEVANT, PRIVACY.

1 THE COURT: SUSTAINED.

2 Q BY MR. RILEY: THE MONEY FOR THIS REAL ESTATE
3 INVESTMENT, WOULD IT COME FROM YOUR TRUST?

4 A YES.

5 Q IN PART; CORRECT?

6 A CORRECT.

7 Q AND HOW MANY DIFFERENT TRUSTS DID THE FUNDS FOR
8 THIS REAL ESTATE INVESTMENT COME FROM?

9 MR. CROCKETT: OBJECTION, IRRELEVANT, PRIVACY.

10 THE COURT: WELL, SUSTAINED.

11 Q BY MR. RILEY: HOW MANY DIFFERENT SETS OF
12 TRUSTEES DID YOU HAVE THAT YOU HAD TO GET APPROVAL FOR FOR
13 LARGE WITHDRAWALS?

14 MR. CROCKETT: OBJECTION, IRRELEVANT.

15 THE COURT: SUSTAINED.

16 Q BY MR. RILEY: WERE YOU EVER CONCERNED AT ANY
17 POINT IN TIME THAT THE TRUSTEES THAT CONTROLLED YOUR TRUST
18 WOULD FIND OUT ABOUT THIS REAL ESTATE INVESTMENT?

19 MR. CROCKETT: OBJECTION, ASKED AND ANSWERED ON THAT
20 ONE.

21 THE COURT: NO. IT HASN'T BEEN ANSWERED. OVERRULED.
22 YOU MAY ANSWER.

23 THE WITNESS: NO.

24 Q BY MR. RILEY: NO CONCERN AT ALL?

25 A IF I AM MAKING AN INVESTMENT AND I NEED TO ASK
26 THEM FOR MONEY, I HAVE TO ASK THEM.

27 Q NOW, AT SOME POINT IN TIME, THERE WERE SOME
28 LARGE MONIES GIVEN TO MR. RANIERE FOR SPECULATING IN THE

1 COMMODITIES MARKET; RIGHT?

2 A I WOULDN'T SAY GIVEN TO MR. RANIERE. AT ONE
3 POINT WE DID DECIDE TO LOAN MONEY TO MR. RANIERE AND
4 MS. SALZMAN FOR THE COMMODITIES, CORRECT.

5 Q AND APPROXIMATELY HOW MUCH MONEY BETWEEN YOU
6 AND YOUR SISTER WAS GIVEN INTO THE COMMODITIES MARKET?

7 A I WOULD SAY APPROXIMATELY 65 MILLION, ALTHOUGH
8 IT'S DIFFICULT TO TELL BECAUSE WE DON'T KNOW EXACTLY WHERE ALL
9 THE MONIES HAVE GONE THROUGH THIS VENTURE.

10 Q WERE YOU CONCERNED AT ANY POINT IN TIME THAT
11 YOUR FATHER WOULD FIND OUT ABOUT THE \$65 MILLION THAT WAS
12 LOANED TO MR. RANIERE FOR COMMODITY TRADING?

13 A I BELIEVE MY FATHER KNEW ABOUT THAT.

14 Q WELL, AT SOME POINT HE FOUND OUT; RIGHT?

15 A YES. HE KNEW.

16 Q BUT HE DIDN'T KNOW WHEN IT WAS GOING ON, DID
17 HE?

18 A YES, HE DID KNOW.

19 Q SO YOUR FATHER KNEW ABOUT YOU GIVING \$65
20 MILLION TO MR. RANIERE WHEN IT HAPPENED?

21 A MY FATHER KNEW ABOUT SARA AND I LOANING MONIES
22 TO FIRST PRINCIPLES AT SOME POINT DURING -- DURING THAT TIME,
23 YES.

24 Q WELL, WAS THAT AFTER IT CAME OUT IN THE
25 NEWSPAPERS OR BEFORE?

26 A BEFORE.

27 Q WERE YOU EVER CONCERNED ABOUT THE TRUSTEES
28 FINDING OUT ABOUT THAT MONEY BEING LOST?

1 A THE TRUSTEES KNEW ABOUT IT.

2 Q THE \$65 MILLION THAT MR. RANIERE USED IN THE
3 COMMODITY MARKETS WAS COMPLETELY LOST; RIGHT?

4 A THAT'S CORRECT.

5 Q WAS MR. RANIERE CONDUCTING AN EXPERIMENT WITH
6 THAT \$65 MILLION TO YOUR KNOWLEDGE?

7 A NO.

8 Q I ASSUME YOU'VE READ MS. SALZMAN'S DEPOSITION?

9 A ACTUALLY, I HAVEN'T.

10 Q DID YOU EVER HEAR MS. SALZMAN SAY THAT MR.
11 RANIERE WAS PERFORMING AN EXPERIMENT IN THE COMMODITIES MARKET
12 WITH YOUR \$65 MILLION?

13 A NO. I DON'T RECALL THAT.

14 Q NOW, THE \$65 MILLION THAT WAS LOST IN THE
15 COMMODITIES MARKET, DID YOU -- YOU NEVER PERSONALLY TRADED,
16 DID YOU?

17 A NO, I HAVE NEVER PERSONALLY TRADED.

18 Q YOU JUST LOANED THE MONEY; CORRECT?

19 A CORRECT.

20 Q YOU DIDN'T DISCUSS TRADING THEORIES OR ANYTHING
21 LIKE THAT WITH COMMODITIES BROKERS OR ANYTHING WITH MR.
22 RANIERE?

23 A NO. I WOULDN'T UNDERSTAND.

24 Q SO DID YOU EVER ASK MR. RANIERE HIS COMMODITIES
25 TRADING STRATEGIES?

26 A I DID SPEAK TO HIM ABOUT IT AT ONE POINT, AND
27 HE TOLD ME THAT HIS STRATEGY WAS ACTUALLY IN SOME WAYS A
28 HEDGING STRATEGY, MEANING WHEN YOU -- AND I UNDERSTAND THIS A

1 LITTLE BIT BETTER IN OTHER TYPES OF INVESTMENTS, BUT WHEN YOU
2 HEDGE SOMETHING, YOU -- IT'S SORT OF LIKE AN INVESTMENT --
3 WELL, IT'S SORT OF LIKE AN INSURANCE POLICY WHERE YOU INVEST
4 MONEY AND IF IT DROPS BELOW A CERTAIN AMOUNT, YOU HAVE A
5 HEDGED AMOUNT SO YOU NEVER LOSE THAT MUCH. BUT ALSO FROM THE
6 TOP, IF YOU HAVE SOMETHING EDGED AND IT EARNS ABOVE A CERTAIN
7 AMOUNT, YOU CAN'T EARN ABOVE THAT AMOUNT. IT'S SORT OF THE
8 SECURE WAY OF DOING THINGS. MORE SECURE, LESS RISK.

9 Q DID THAT COMMENT OR THAT EXPLANATION FROM MR.
10 RANIERE GIVE YOU ANY COMFORT IN HIS TRADING OF \$65 MILLION OF
11 YOURS AND YOUR SISTER'S MONEY?

12 A WE TALKED ABOUT IT AFTERWARDS. SO IT WASN'T AT
13 THE TIME.

14 Q SO AFTER THE MONEY WAS LOST IS WHEN HE
15 EXPLAINED THIS HEDGING STRATEGY?

16 A CORRECT. I ASKED HIM.

17 Q DID MR. RANIERE EVER TELL YOU THAT YOUR FATHER
18 AFFECTED THE MARKET SO AS TO CAUSE HIM TO LOSE HIS MONEY?

19 A ACTUALLY HE TOLD ME THAT MR. PLYAM HAD
20 SUGGESTED TO HIM THAT THERE WAS SOMEBODY TRADING AGAINST US
21 WHO WAS EXTREMELY WEALTHY IN THE JEWISH COMMUNITY AND ALLUDED
22 TO THE FACT THAT IT MIGHT BE MY FATHER.

23 Q DID YOUR -- DID MR. RANIERE BELIEVE AT SOME
24 POINT IN TIME THAT YOUR FATHER WAS TRADING AGAINST HIM BECAUSE
25 HE DIDN'T LIKE MR. RANIERE?

26 A WELL, I THINK MR. RANIERE IS MORE OF A
27 SCIENTIST THAN THAT. I THINK HE BELIEVED THAT THERE COULD BE
28 A POSSIBILITY OR MORE LIKELY PROBABILITY BUT PROBABLY A LOW

1 ONE.

2 Q SO MR. RANIERE DISCUSSED THE PROBABILITY WITH
3 YOU THAT YOUR DAD WAS SOMEHOW AFFECTING THE MARKET TO CAUSE
4 MR. RANIERE TO LOSE?

5 A NOT EXACTLY. HE DISCUSSED THAT MR. PLYAM HAD
6 BROUGHT UP THE THEORY THAT SOMEBODY WAS TRADING AGAINST US AND
7 IT WAS SEEMINGLY A VERY WEALTHY, RICH, POWERFUL INDIVIDUAL IN
8 NEW YORK AND THAT IT COULD BE MY FATHER.

9 Q NOW, AT SOME POINT IN TIME, DID YOU BELIEVE
10 THAT MR. PLYAM WAS TRADING AGAINST YOU?

11 A I THINK IT'S A POSSIBILITY. I CERTAINLY KNOW
12 THAT MR. PLYAM MADE MONEY ON EVERY SINGLE TRADE THAT WAS MADE.
13 I DON'T KNOW IF HE WAS TRADING AGAINST US OR NOT. WE NEVER
14 DID A FORENSIC AUDITING. I DON'T KNOW. I CERTAINLY DON'T
15 KNOW ENOUGH ABOUT THE COMMODITIES TO UNDERSTAND WHETHER THAT
16 COULD BE TRUE OR NOT, BUT I IMAGINE THERE IS CHEATING THAT
17 GOES ON IN MOST DIFFERENT ASPECTS OF INVESTMENT,
18 UNFORTUNATELY. SO IS IT A PROBABILITY, I GUESS, BUT PROBABLY
19 A LOW PROBABILITY.

20 Q WELL, I'M JUST ASKING YOU PERSONALLY, DID YOU
21 EVER TAKE THE POSITION WITH ANY OF YOUR TRUSTED ADVISORS THAT
22 MR. PLYAM HAD STOLEN THE \$65 MILLION BY TRADING AGAINST MR.
23 RANIERE?

24 A I MAY HAVE SAID AT ONE POINT THAT I BELIEVE
25 THAT IT'S POSSIBLE THAT MR. PLYAM WAS TRADING AGAINST US.

26 Q AND DURING THE COURSE OF YOUR INVOLVEMENT IN
27 THIS CASE, YOU'VE GONE THROUGH GREAT LENGTHS TO TRY TO FIND
28 THE ALLEGEDLY MISSING \$65 MILLION, HAVEN'T YOU?

1 A NO. I'VE ACTUALLY GONE TO GREAT LENGTHS TO
2 FIND THE MISSING \$26.43 MILLION THAT IS PRECISION'S.

3 Q DID YOU TAKE ANY STEPS TO TRY TO LOCATE THE
4 MISSING OR THE ALLEGED MISSING \$65 MILLION?

5 A I'VE GONE TO GREAT LENGTHS TO FIND MONEY THAT
6 THE PLYAMS HAVE THAT I BELIEVE IS MY SISTER'S AND --

7 MR. RILEY: MOVE TO STRIKE AND ASK THE WITNESS TO
8 ANSWER THE QUESTION.

9 THE COURT: SUSTAINED. YOU CAN ANSWER.

10 THE WITNESS: CAN YOU REASK? I'M SORRY.

11 Q BY MR. RILEY: DID YOU GO TO GREAT LENGTHS TO
12 TRY TO FIND THIS ALLEGED MISSING \$65 MILLION THAT WAS LOST IN
13 THE COMMODITIES MARKET?

14 A NO.

15 Q NO ACTIONS AT ALL?

16 A MAYBE BUT NOT GREAT LENGTHS.

17 MR. RILEY: GREAT TIME FOR LUNCH, YOUR HONOR.

18 THE COURT: ALL RIGHT. WE'LL BREAK FOR LUNCH.

19 ALL RIGHT. LADIES AND GENTLEMEN, DON'T TALK
20 ABOUT THE CASE AMONGST YOURSELVES OR OTHERS, FORM ANY OPINIONS
21 ABOUT THE CASE.

22 WE'LL MEET AFTER LUNCH OUTSIDE THE COURTROOM.

23 HAVE A PLEASANT LUNCH.

24 YOU MAY STEP DOWN.

25

26 (WHEREUPON THE NOON RECESS WAS TAKEN AT

27 THIS TIME UNTIL 1:30 P.M. OF THE SAME DAY.)

28